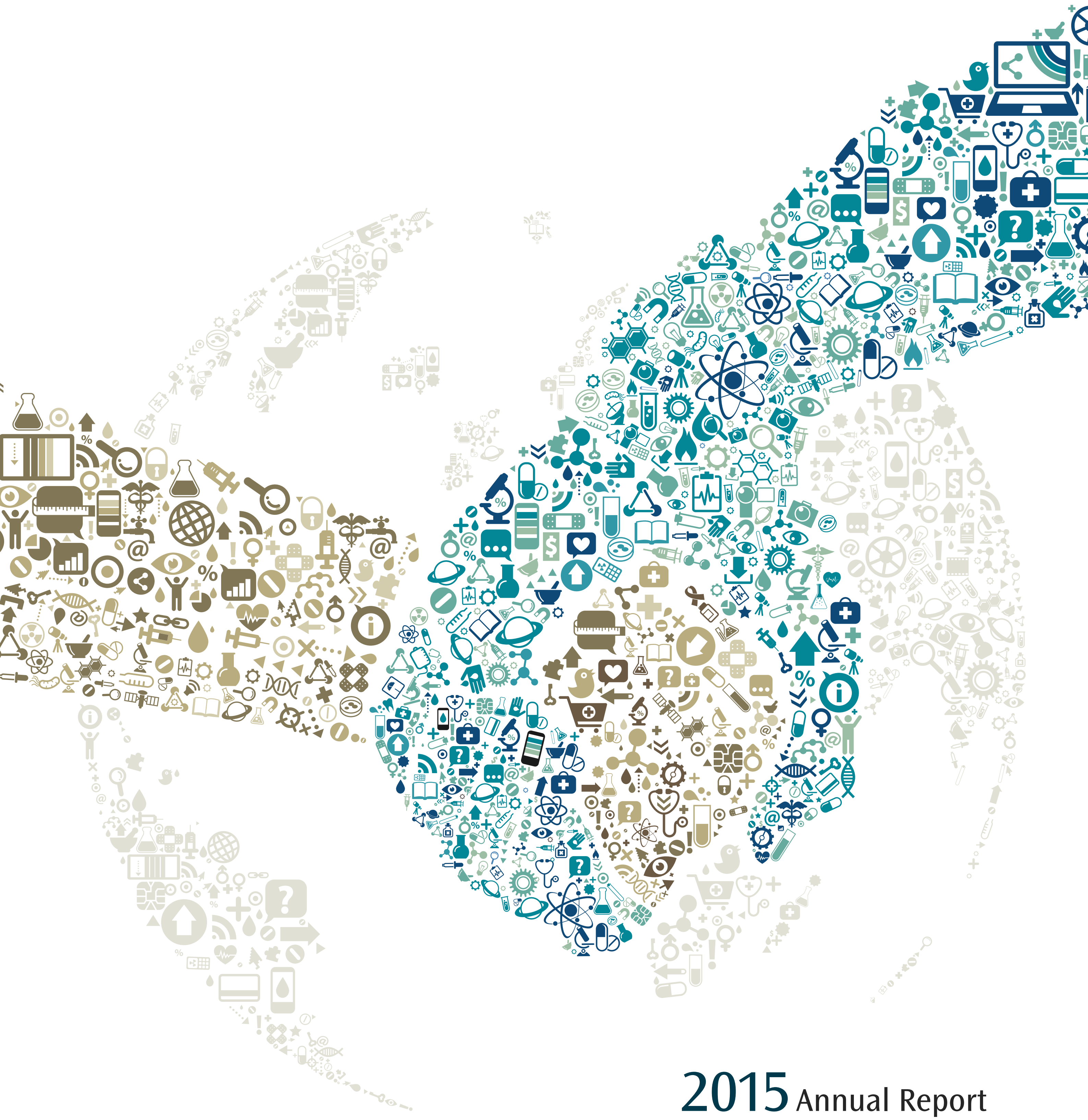
環球醫療金融與技術咨詢服務有限公司

UNIVERSAL MEDICAL FINANCIAL & TECHNICAL ADVISORY SERVICES COMPANY LIMITED

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



2015 Annual Report

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CORPORATE INFORMATION

BOARD OF DIRECTORS

Chairman and Non-executive Directors

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

Executive Directors

Mr. Guo Weiping
(Chief Executive Officer)
Ms. Peng Jiahong
(Chief Executive Officer)

Non-executive Directors

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

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

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
Shops 1712-1716, 17th 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

* Mr. Lim Yean Leng resigned on 29 February 2016

DEFINITION

"AGM"	the annual general meeting of the Company to be held on 7 June 2016
"Articles"	the Company's article of association
"associate"	has the meaning ascribed thereto under the Listing Rules
"Audit Committee"	the audit committee of the Board
"Board" or "Board of Directors"	the board of directors of our Company
"CBRC"	China Banking Regulatory Commission
"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
"close associate"	has the meaning ascribed thereto under the Listing Rules
"CNTIC"	China National Technical Import & Export Corporation (中國技術進出口總公司), a company incorporated in the PRC and a wholly-owned subsidiary of GT-PRC
"Company" or "Universal Medical"	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
"Companies Ordinance"	the Companies Ordinance (Chapter 622 of the Laws of Hong Kong, which has become effective from 3 March 2014), as amended, supplemented or otherwise modified from time to time
"connected person"	has the meaning ascribed thereto under the Listing Rules
"controlling shareholder"	has the meaning ascribed thereto under the Listing Rules

DEFINITION

"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
"CVA"	cerebral vascular accident
"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
"GT-PRC Finance"	Genertec Finance Co., Ltd (通用技術集團財務責任有限公司), a company established in the PRC, held by GT-PRC and CNTIC as to 95% and 5%, respectively
"HK$"	Hong Kong dollars, the lawful currency of Hong Kong
"Hong Kong"	the Hong Kong Special Administrative Region of the People's Republic of China
"ICBCI"	ICBC International Wealth Investment Limited, a company incorporated under the laws of the British Virgin Islands on 19 September 2014 with limited liability
"IPO"	initial public offering
"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

"Latest Practicable Date"	13 April 2016, being the latest practicable date prior to the printing of this annual report for the purpose of ascertaining certain information contained in this annual report
"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
"Nomination Committee"	the nomination committee of the Board
"PBOC"	the People's Bank of China
"Period"	the period from 8 July 2015 to 31 December 2015
"PPP"	public private partnership
"PRC" or "China"	The People's Republic of China, for the purpose of this annual report, excluding Hong Kong, Macau and Taiwan
"Prospectus"	the prospectus issued by the Company on 24 June 2015
"Remuneration Committee"	the remuneration committee of the Board
"Risk Control Committee"	the risk control committee of the Board
"RMB"	Renminbi, the lawful currency of the PRC
"Securities Dealing Code"	the Company's own code of conduct regarding directors' and employee's dealings in the Company's securities
"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

"Stock Exchange"	The Stock Exchange of Hong Kong Limited
"Strategy Committee"	the strategy committee of the Board
"substantial shareholder(s)"	has the meaning ascribed thereto under the Listing Rules
"Tianjin Leasing"	Universal International Financial Leasing (Tianjin) Co., Ltd. (環球國際融資租賃(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
"Uni-One"	Universal Number One Co., Ltd, a company incorporated with limited liability under the laws of the Cayman Islands on 30 June 2008 and a direct wholly-owned subsidiary of our Company
"Uni-Two"	Universal Number Two Co., Ltd, a company incorporated with limited liability under the laws of the Cayman Islands on 30 June 2008 and a direct wholly-owned subsidiary of our Company
"WHSL"	World Health Service Limited (世界健康服務有限公司), a company incorporated under the laws of BVI on 18 June 2014 with limited liability

CORPORATE PROFILE

Universal Medical Financial & Technical Advisory Services Company Limited and its subsidiaries are currently a leading integrated healthcare services provider in China. Focusing on the fast-growing healthcare service industry in China, we adhere to the philosophy of "Patients come first" and leveraging on our strong medical resources platform, we have been committed to optimizing hospitals' operation mechanisms and building up their comprehensive strengths in terms of medical technology, service quality, operating efficiency as well as managerial capacity.

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.

Since our incorporation, leveraging on our insights into healthcare industry and our experience of providing services to hospitals over the years, strong financial position and business developing capability, we have accumulated over a thousand hospital customers across China, established good cooperation with hundreds of domestic and foreign well-known medical experts and academic leaders and formed strategic partnerships with famous healthcare services institutions, including those from China, the United States, the United Kingdom, Germany and Norway. Through our continuous expansion of healthcare industry resources, we have established an unique and innovative business model, providing customers with integrated healthcare solutions, which comprise medical financial services, hospital investment and management services, medical technology services with a focus on clinical department upgrade and hospital digitalisation services. Our headquarter is located in Hong Kong and we have set up an operation center in Beijing. The Group has also successively established four subsidiaries in Tianjin Free Trade Zone and set up offices in the central cities of various provinces in China such as Heilongjiang, Shandong, Henan, Hunan, Sichuan and Shaanxi, and further strengthened our business network featuring regional centers and national coverage.

We will firmly seize good opportunities for healthcare development in China and be committed to the development of China's healthcare service industry. We will establish strategic alliances with both domestic and foreign leading professional medical organisations, well-known experts and international medical equipment suppliers, expand medical resources platform, consolidate the ground for development, improve professional services, fulfill social responsibility during the course of our development and enhance corporate value through continued innovation.

CEO'S STATEMENT

In the year of 2015, China's medical reform has entered a new historical stage. Since the 5th Session of 18th Party Central Congress, the Party Central Committee has made the improvement of people's wellbeing as its focus and ultimate goal. Featuring a coordination of reforms in public hospitals, medical services pricing and medicine distribution and a tiered medical services system, "Building a Healthy China" has become a national strategic goal and is playing a key role in medical reform during the 13th five-year plan period; in the meanwhile, China encourages social capital to be engaged in public services sector reform (through PPP mode) and facilitates their participation in public hospital reform through entrusted management and equity cooperation. For continuous and sound economic development, the Central Economic Working Conference in December 2015 further underlined the reform of the supply side with focus on adjusting structure and fixing "short planks". The above-mentioned strong policies provide new opportunities for social capital to be engaged in regional healthcare and elderly care services.

As a publicly traded state-owned key enterprise, Universal Medical proactively responds to national policies, sticking to the philosophy of putting people first and benefiting the people's livelihood. The Company is committed to play an important role in China's healthcare reform by focusing its business on key industries and areas relating to people's livelihood such as healthcare and elderly care, and on improving skills and service levels of healthcare institutions at different levels. At the same time, besides our more than 1,200 hospital clients, we have established good cooperative relationship with hundreds of renowned healthcare experts from home and abroad, and have built up strategic cooperative relationship with a number of healthcare service groups from home, Europe and the U.S. We will effectively leverage on the synergy of the quality healthcare resources to facilitate the good operation of cooperative projects.

During the year, we seized the opportunities for development, adhered to our strategic positioning as an integrated healthcare service provider, worked hard to improve our professional skills, continued to expand our medical resources platform and enhanced our abilities of medical technology services, which has enabled us to achieve exciting and good financial performance and operating results. In 2015, the Group recorded a total revenue of RMB 2,193 million, a 41.3% increase over the previous year; profit before tax reached RMB 900 million, a 47.3% increase over the previous year. Our asset quality continued to be optimized, medical resources platform continued to expand, regional medical resources network centers were established step by step and the financing structure has been improved gradually.

During the year, our medical technology service capabilities continued to improve and service chain continued to expand. Focusing on CVA prevention, screening and treatment, prioritizing the fundamental interest of patients, we proactively introduced advanced international techniques and management experience, further optimized the clinical department upgrade business model that integrated experts, technology, training, funding and equipment. We also cooperated with experts and institutions in other fields of study, so as to adopt the CVA clinical department upgrade business model in other major and difficult medical fields such as oncology, gynecology and cardiovascular diseases. Our growing capabilities of medical technology services enabled us to provide hospital customers with more extensive and deeper clinical department upgrade services. In 2015, the Group's gross profit of clinical department upgrade services reached RMB123 million, representing an increase of 123.5% over the previous year, and the gross profit of clinical department upgrade services as the percentage of total gross profit increased to 9.4% from 5.9% in 2014.

The last year also saw a breakthrough in our hospital investment and management business. On January 10, 2016, we signed the framework agreement with the First Affiliated Hospital of Xi'an Jiaotong University, the largest general 3A hospital in Northwest China, in respect of the joint development of the International Land Port Hospital of the First Affiliated Hospital of Xi'an Jiaotong University. It is the first hospital under the direct administration of National Health and Family Planning Commission of People's Republic of China that cooperated with social capital, setting up a model for social capital participating in public hospital reform through PPP model. We have also signed a framework agreement with the People's Government of Bengbu City, Anhui Province on joint development of healthcare institutions and elderly care business. The two parties will implement phased cooperation in many forms with local major hospitals step by step, based on the local requirements on deepening medical and healthcare system reform. We are implementing other projects across China in an orderly manner. By providing funding, technology, talents and management philosophy and mechanisms, while improving healthcare service capabilities of hospitals, we have established long-term and stable profit model for ourselves, and as a result a win-win situation is achieved. In the meantime, we will proactively explore the business model of coordinated development of medical and elderly care services with cooperating hospitals, to build elderly care community featuring coordinated development of medical and elderly care services and promote the surrounding industries of hospitals.

In the years to come, we believe that under the guidance and support from national policies, there will be a broad development space and golden opportunities in China's healthcare and elderly care services market. With a focus on this market, we will further expand our medical resources platform, leverage on our cash resources to innovate business models, enhance our service capacities and quality and optimize our business value chain combining industry and finance, achieve the synergy and mutual support of medical financing services, hospital investment and management, medical technology services and hospital digitalization, so as to achieve the sustainable, stable and sound development of the Group and create greater value to shareholders and improve health of Chinese.

Finally, on behalf of the management and staff of Universal Medical, I would like to express my greatest gratitude to our shareholders, customers and business partners for their continuous support and care. In the future, with a thankful heart, the Company will continue to pursue innovations, care for people's wellbeing and provide quality healthcare services and assume its responsibility to employees, customers and society and work hard for a better future!

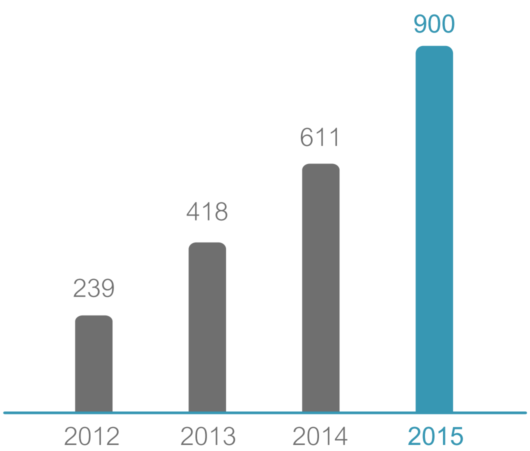
Best regards,
Guo Weiping
Executive Director and Chief Executive Officer
Universal Medical Financial & Technical Advisory Services Company Limited

Bring Healthier Lives for Chinese
With quality healthcare service

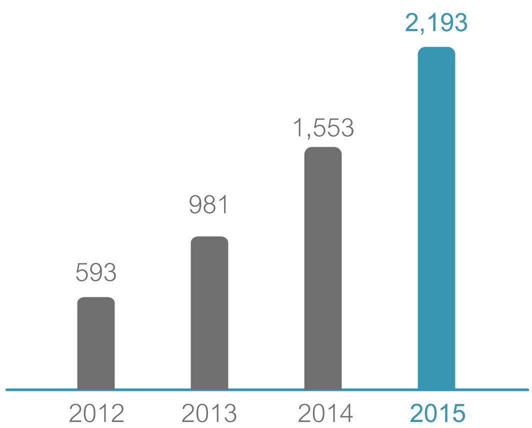

72%
19%
9%

PERFORMANCE OVERVIEW

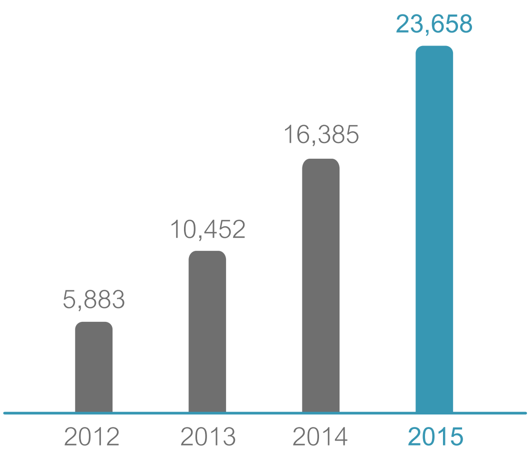
Profit before tax RMB million



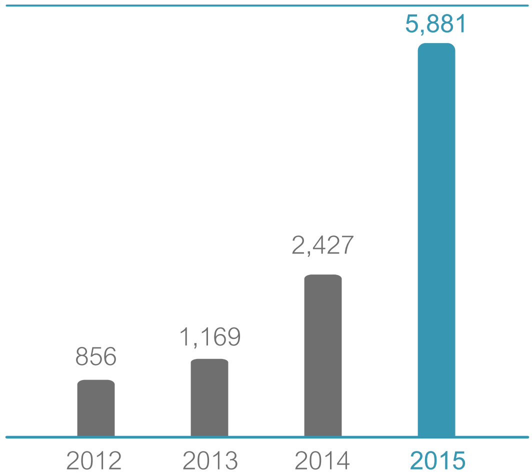
Income RMB million



Total asset RMB million



Total equity RMB million



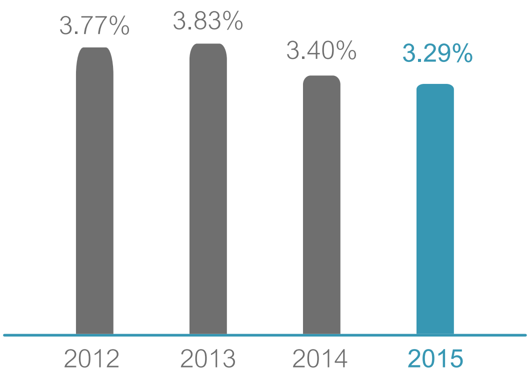
Precentage increase of medical assets in the lease receivables

10.5 percentage points

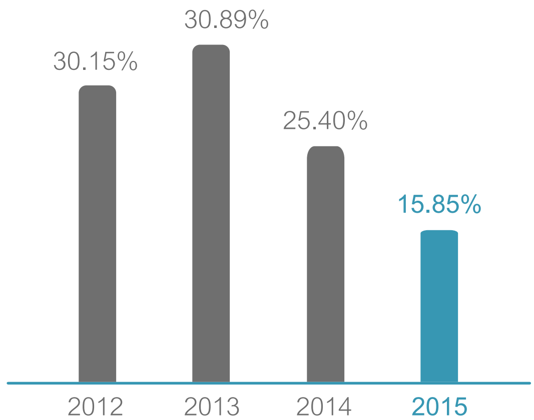
Year-on-year increase of gross profit from clinical department upgrade services

123.5%

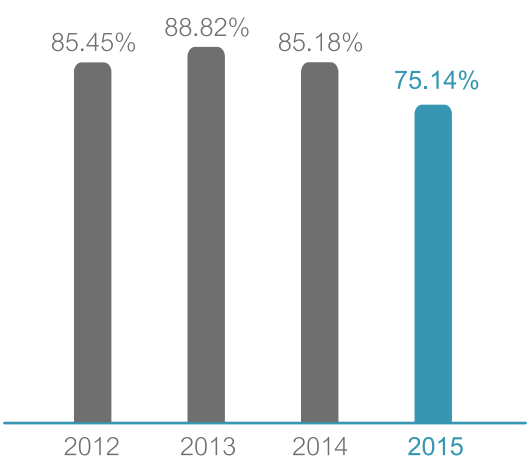
Return on total assets



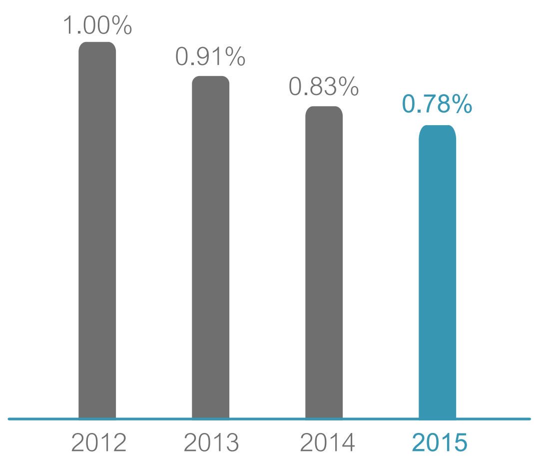
Return on equity



Debt ratio



NPA ratio



EPS (Basic and Diluted)

0.44 RMB

BVPS

3.43 RMB

	For the year ended 31 December			
	2015	2014	2013	2012
	RMB'000	RMB'000	RMB'000	RMB'000
Operating Results				
Income	**2,193,398**	1,552,682	981,458	593,326
Finance Lease income	**1,475,796**	1,043,888	588,212	333,278
Industry, equipment and financing advisory income	**588,833**	444,859	350,985	239,631
Clinical department upgrade services income	**144,546**	78,331	54,195	38,280
Business taxes and surcharges	**(18,737)**	(14,834)	(11,947)	(17,867)
Cost of sales	**(884,851)**	(619,594)	(348,619)	(204,781)
Interest expense	**(864,165)**	(596,954)	(325,449)	(192,364)
Cost of clinical department upgrade services	**(20,581)**	(22,537)	(23,170)	(12,417)
Profit before tax	**900,274**	611,082	418,344	239,148
Profit for the year	**658,526**	456,638	312,738	177,652
Basic and diluted earnings per share (RMB)	**0.44**	0.51	0.51	0.38
Profitability Indicators				
Return on total assets(1)	**3.29%**	3.40%	3.83%	3.77%
Return on equity(2)	**15.85%**	25.40%	30.89%	30.15%
Net interest margin(3)	**3.42%**	3.73%	3.78%	3.68%
Net interest spread(4)	**2.56%**	2.93%	2.80%	2.64%
Net profit margin(5)	**30.02%**	29.41%	31.86%	29.94%
Cost to income ratio(6)	**29.91%**	24.76%	28.91%	32.28%

(1) Return on total assets = profit for the year/average balance of assets at the beginning and end of the year;

(2) Return on equity = profit for the year/average balance of equity at the beginning and end of the year;

(3) Net interest margin is calculated by dividing net interest income by average balance of interest-earning assets;

(4) 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 year; 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 year;

(5) Net profit margin = net profit/income;

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

	31 December 2015 RMB'000	31 December 2014 RMB'000	31 December 2013 RMB'000	31 December 2012 RMB'000
Assets and Liabilities				
Total assets	**23,657,881**	16,385,316	10,452,434	5,883,444
Net lease receivables	**21,600,652**	15,850,139	9,698,361	5,291,212
Total liabilities	**17,776,681**	13,957,817	9,283,691	5,027,441
Interest-bearing bank and other borrowings	**15,458,354**	11,408,252	7,905,816	3,788,699
Total equity	**5,881,200**	2,427,499	1,168,743	856,003
Net assets per share *(RMB)*	**3.43**	1.91	1.91	1.40
Financial Indicators				
Debt ratio(1)	**75.14%**	85.18%	88.82%	85.45%
Gearing ratio(2)	**2.63**	4.70	6.76	4.43
Current ratio(3)	**0.98**	0.88	0.79	0.68
Asset Quality				
Non-performing assets ratio(4)	**0.78%**	0.83%	0.91%	1.00%
Provision coverage ratio(5)	**171.47%**	166.10%	151.01%	104.88%
Write-off of non-performing assets ratio(6)	**0.00%**	0.00%	0.00%	0.00%
Overdue ratio (over 30 days)(7)	**0.46%**	0.96%	0.92%	2.27%

(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. BUSINESS REVIEW AND PROSPECTS

1.1 Economic Environment

In 2015, China's GDP growth slowed down and recorded an annual growth rate of 6.9%. Facing the complex international economic environment and the domestic economy downturn pressure, the Chinese government strengthened macro-control and actively implemented the supply side reform through institutional innovation. The trend of industrial transformation from the original industry-driven mode to service-driven mode has become clearer. The People's Bank of China continued to implement a prudent monetary policy with an emphasis on the balance between a tight and a loose monetary policy, and appropriate, timely, proactive and minor adjustments to it. Throughout 2015, the People's Bank of China lowered the deposit reserve ratio and deposit and lending benchmark rates five times. As a result of the RMB exchange rate reform and the interest rates hike by the Federal Reserve, depreciation of RMB continued in 2015, and the middle exchange rate of RMB against USD reduced by a total of 3,746 base points, representing a depreciation of 6%.

1.2 Healthcare Industry

In recent years, Chinese healthcare services market has been growing rapidly. From 2004 to 2014, China's healthcare expenditure per capita increased from RMB593.9 to RMB2,586.5, representing a CAGR of 15.9%. However, a large gap still exists between moderately developed countries and China in terms of healthcare expenditure per capita. In order to achieve the goal that "By 2020, Chinese residents' main health indicators will reach the level of moderately developed countries" set by the Chinese government, China's healthcare industry still has huge growth potential in the future.

The 5th Session of 18th Party Congress put forward a number of measures to build "Healthy China" by way of deepening healthcare system reform, advancing the coordination of medical services, medical insurance and medicine industry, establishing basic healthcare system and modern hospital management system covering both urban and rural areas. The State Council, the National Health and Family Planning Commission and other related authorities of the Chinese government issued a series of major policies to deepen healthcare system reform including to promote tiered medical services to ensure that "serious illness is treated in counties"; to require that the hospital beds per 1,000 residents will be increased from 4.84 in 2014 to 6 by 2020; to combine the basic medical insurance for urban residents and the new rural cooperative medical insurance and to increase the reimbursement rate for insured inpatients to 75%; to increase the actual reimbursement rate of medical expense for inpatients with severe diseases to 90% or more; not to require multi-sited practice of a doctor to be subject to a "written consent" of the first medical institution where the doctor works but a "consent" from such medical institution, which will further enhance the mobility of doctors. Meanwhile, the state policy encourages social capital to participate in public hospital reform in various ways to accelerate the diversification of participants in the investment in and operation of hospitals and to allow them to participate in the reform of public hospitals through entrusted management and equity cooperation, etc.

With the accelerated growth of China's aging population, the increase in old population will generate enormous demand for healthcare services. The Chinese government promotes integrated development of healthcare and elderly care services, and encourages private sectors to establish and operate institutions with integrated healthcare and elderly care services, and proposes to establish a number of healthcare institutions or elderly care institutions with qualification and capabilities of providing both healthcare and elderly care services by 2017. With the progress and implementation of the "combining healthcare with elderly care" policy, the Chinese healthcare market will generate opportunities for further growth.

1.3 Business Review

Steady improvement in operating results

In 2015, we focused on the goal of becoming an integrated healthcare services provider and firmly seized development opportunities. In addition to the reinforcement of our medical resources platform and the expansion of our hospital customer base, we accelerated business innovation, improved service quality, provided more in-depth integrated healthcare services solutions to hospital customers and achieved rapid growth in our operating results. The Group recorded a total revenue of RMB2,193 million and profit before tax of RMB900 million, representing an increase of 41.3% and 47.3% as compared to last year.

Continuous optimization in asset portfolio and quality

Our assets grew steadily with quality continuing to be optimized. As of 31 December 2015, the Group's total assets reached RMB23,658 million, representing a year-on-year increase of 44.4%. At the same time, we focused more on the healthcare industry, continued to extend industry value chain, established more extensive business relationships with customers, enhanced cooperation with customers and further improved the quality of our assets. Our asset portfolio was further optimized with the proportion of medical assets in finance lease receivables increased to 77.3%, non-performing assets ratio falling to 0.78%, the overdue ratio (over 30 days) reduced to 0.46%, which was an industry-leading level. We maintained a prudent provision policy and the Group's asset provision coverage ratio reached 171.47% in 2015.

Improving medical technology service capability

We continued to strengthen our professional capabilities and expand our medical resources which considerably enhanced our medical technology service capabilities. Focusing on CVA prevention, screening and treatment, we introduced internationally advanced technology and managerial expertise, and we further optimized the clinical department upgrade business model that integrates specialists, technology, trainings, capital and equipment, and cooperated with experts and institutions in various fields of study to expand the CVA clinical department upgrade business model into other fields of major and difficult diseases in oncology, obstetrics and gynecology, and cardiology. Our improved abilities in providing medical technology services have allowed us to expand service chain and provide more extensive and in-depth clinical department upgrade services to more hospital customers. In 2015, the Group's gross profit of clinical department upgrade services reached RMB123 million, representing an increase of 123.5% over the previous year, and the gross profit of clinical department upgrade services as a percentage in total gross profit increased to 9.4% from 5.9% in 2014.

Major breakthrough in strategic business

We have made a major breakthrough in our hospital investment and management business. On 10 January 2016, we entered into a framework agreement with the First Affiliated Hospital of Xi'an Jiaotong University in connection with the joint establishment and operation of the International Land Port Hospital under First Affiliated Hospital with an aim to build a leading medical center of high standard in northeast China by establishing a medical management group and cooperating in construction and operation of International Land Port Hospital. Meanwhile, the Group will further integrate its medical resources, and gradually expand its services into over 100 local hospitals at primary level supported by the First Affiliated Hospital of Xi'an Jiaotong University. On 10 December 2015, we entered into a framework agreement with Bengbu Municipal Government of Anhui province in respect of the joint development of healthcare institutions and elderly care industry. Both parties will cooperate with large local hospitals to launch various projects phase by phase and step by step in accordance with the local requirements on deepening healthcare system reform. Projects in other provinces are also well underway.

In hospital investment and management business, we firmly grasped the development opportunities in response to the State's call to widely adopt PPP in public services sectors like healthcare, public health as well as elderly care, and would choose areas that have large population and good economic condition and need enhancement of medical supply capability, and corporated with regionally leading hospitals through entrusted management, equity cooperation and other modes. Also, we will use these hospitals as the base and gradually penetrate the surrounding areas. Based on the concept of "the large guiding the small and the old guiding the new", we will establish regional medical management group with coordination mechanism and resource sharing. At the same time, we will establish a long-term win-win cooperation model with the hospitals for a term of 20 to 30 years or a perpetual period. Through the introduction of capital, technology, talents, management philosophy and management mechanism to our cooperative hospitals, we will comprehensively enhance the quality of their medical services and management. Through the operation and management of hospitals, we will also benefit from the improvement of hospital services and share the interest generated by operating supply chain and related industries in a sustainable, stable and reasonable manner.

Continuous expansion of medical resources platform

In 2015, our medical resources platform continued to expand. We have cooperated with more than 200 well-known local and foreign medical experts from home and abroad, and established cooperative relationships with 13 internationally-renowned hospital management and consulting services companies, 11 well-known hospitals in Europe and America, 6 architectural design firms for hospitals and 4 international physician associations. Through strategic cooperation with internationally-renowned healthcare services institutions, we have gained rich experience in hospital management, grasped excellent hospital management methods, introduced advanced hospital design concepts and enhanced our abilities in providing integrated healthcare services.

Progressive establishment of regional medical resources network centers

As of 31 December 2015, the number of our hospital customers exceeded 1,200 covering 30 provinces in China. In order to achieve synergy of regional medical resources, we opened representatives offices in center cities of 5 provinces including Shandong, Henan, Hunan, Sichuan and Shaanxi based on population, the number of hospitals, existing customer base as well as geographical coverage. By doing so, we established a medical resources network covering the whole country, and it also laid the ground for establishing regional medical groups featuring coordination and resources sharing.

Continuous improvement of financing structure

In 2015, we continued to improve our financing structure and further enhanced our financing capacity. Our choice of financing currency and regions for financing have become more prudent. To reduce the exchange rate risk from the depreciation of RMB, we reduced the proportion of USD-denominated borrowings from 16.5% at the end of 2014 to 7.7% at the end of 2015; at the same time, for outstanding domestic and overseas USD borrowings, we actively used currency hedging method, which effectively minimized our exchange rate risk. The People's Bank of China's continued cuts of interest rates and reserve-deposit ratio and the continued significant increase of CNH (offshore RMB price) deposit and lending rates had resulted in smaller difference between domestic and overseas financing costs or even an "inversion" situation (i.e. overseas financing costs were higher than domestic financing costs). As such, we shifted our focus to domestic financing and controlled and reduced the proportion of our overseas financing, which effectively reduced our financing costs. Our proportion of overseas borrowings declined from 54.9% at the end of 2014 to 29.6% at the end of 2015 and will continue to be optimized in 2016.

1.4 Future Prospects

In the years to come, based on the guidance and support of national policies we will firmly seize the golden opportunities in China's medical service and elderly care market, focus on becoming a leading integrated healthcare services provider, constantly reinforce our operating base and expand our medical resources platform. We will steadily develop our medical financing services, and make it the Group's steadily growing profit source and the cornerstone for innovation. We will actively promote our medical technology services with a focus on clinical department upgrade, and make it the Group's incubator of new profit source. We will vigorously advance our hospital investment management business, and make it the Group's driving force of the rapid growth of its results. We will develop hospital digitalization services in a collaborative manner and contribute to the development of the cooperative hospitals that we invested in and manage. We will continue to innovate integrated healthcare services model to achieve synergy of medical financing services, hospital investment and management, medical technology services and hospital digitalization, constantly optimize business value chain with combination of industry and finance, and gradually achieve comprehensive optimization of the Company's business structure and financial structure, which will lay a solid ground for the sustainable development of the Group and create greater value for our shareholders.

2. ANALYSIS OF STATEMENT OF PROFIT OR LOSS

2.1 Overview

During 2015, facing the difficulty and challenge from the external economy, the Group seized the development opportunities of healthcare industry. With the strategic goal as an integrated healthcare services provider, we further developed the medical resources platform, extended our industry chain, developed a new business model with a combination of industry and finance and continuously strengthened risk prevention and control and achieved stable and healthy growth in operating results. During 2015, the Group realized a revenue of RMB2,193 million, representing an increase of RMB641 million or 41.3% as compared to the previous year. Profit before tax was RMB900 million, representing an increase of RMB289 million or 47.3% as compared to the previous year.

The following table sets forth the Group's statement of profit or loss for the indicated period

	For the year ended 31 December		
	2015	2014	Change
	RMB'000	RMB'000	%
Revenue	**2,193,398**	1,552,682	41.3%
Cost of sales	**(884,851)**	(619,594)	42.8%
Gross profit	**1,308,547**	933,088	40.2%
Other income and gains	**58,751**	15,419	281.0%
Selling and distribution costs	**(213,926)**	(126,295)	69.4%
Administrative expenses	**(246,496)**	(190,614)	29.3%
Other expenses	**(6,602)**	(20,516)	-67.8%
Profit before tax	**900,274**	611,082	47.3%
Income tax expense	**(241,748)**	(154,444)	56.5%
Profit for the year	**658,526**	456,638	44.2%
Basic and diluted earnings per share (RMB)	**0.44**	0.51	-13.7%

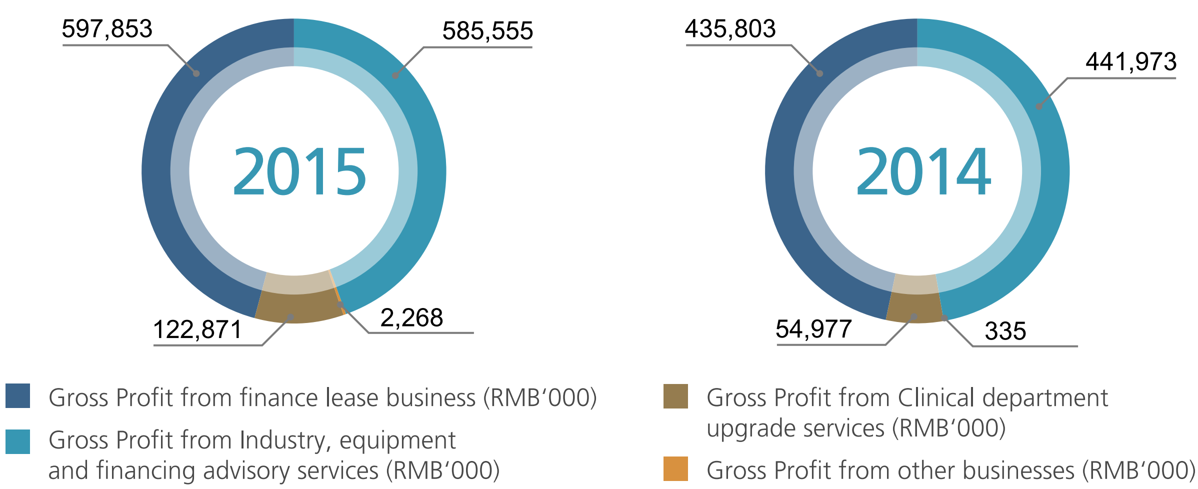
2.2 Analysis of Revenue

With the focus on healthcare sector, the Group further expanded its business into regional level hospitals to strengthen its medical resources platform and develop our hospital customer base. At the same time, we continuously optimized the business structure, strengthened business innovation and enhanced the quality of services. As the finance lease and industry, and equipment and financing advisory services achieved stable growth, the clinical department upgrade services also surged significantly.

The Group's gross profit by business segment

	For the year ended 31 December				
	2015		2014		
	Gross profit RMB'000	**% of total**	Gross profit RMB'000	% of total	Change %
Finance lease	**597,853**	**45.7%**	435,803	46.7%	37.2%
Industry, equipment and financing advisory	**585,555**	**44.7%**	441,973	47.4%	32.5%
Clinical department upgrade services	**122,871**	**9.4%**	54,977	5.9%	123.5%
Other business	**2,268**	**0.2%**	335	0.0%	577.0%
Total	**1,308,547**	**100.0%**	933,088	100.0%	40.2%

In 2015, the Group's gross profit was RMB1,309 million, increasing by RMB375 million or 40.2% as compared to last year. In particular, interest margin gross profit of finance lease business was RMB598 million, representing an increase of RMB162 million or 37.2% as compared to last year; gross profit of industry, equipment and financing advisory services was RMB586 million, representing an increase of RMB144 million or 32.5% as compared to last year; gross profit of clinical department upgrade services was RMB123 million, representing an increase of RMB67.89 million or 123.5% as compared to last year, and its gross profit as a percentage of total gross profit has increased from 5.9% in 2014 to 9.4% due to the further expansion of our medical resources platform and the consistent improvement of our medical technology services.



2.2.1 Finance lease business

Finance lease income by industry

	2015		2014		
	RMB'000	**% of total**	RMB'000	% of total	Change %
Healthcare	**1,021,007**	**69.2%**	703,756	67.4%	45.1%
Education	**398,132**	**27.0%**	311,018	29.8%	28.0%
Other	**56,657**	**3.8%**	29,114	2.8%	94.6%
Total	**1,475,796**	**100.0%**	1,043,888	100.0%	41.4%

The Group's finance lease income comes from interest income. In 2015, the Group recorded interest income (before business taxes and surcharges) was RMB1,476 million, representing an increase of RMB432 million or 41.4% as compared to last year. The Group focuses on healthcare sector, and the finance lease income from healthcare industry was RMB1,021 million, the percentage of which as total income of the Group further increased to 69.2% from 67.4% in 2014.

Yield of finance lease business

	2015			2014		
	Average balance RMB'000	**Interest income(1)/ expense(2) RMB'000**	**Average yield/ cost rate**	Average balance RMB'000	Interest income/ expense RMB'000	Average yield/ cost rate
Interest-earning assets	**17,902,971**	**1,475,796**	**8.24%**	11,998,222	1,043,888	8.70%
Interest-bearing liabilities	**15,220,242**	**864,165**	**5.68%**	10,341,544	596,954	5.77%
Net interest margin			**3.42%**			3.73%
Net interest spread			**2.56%**			2.93%

(1) Interest income represents the interest income from finance lease business;

(2) Interest expense represents financing cost of capital for finance lease business.

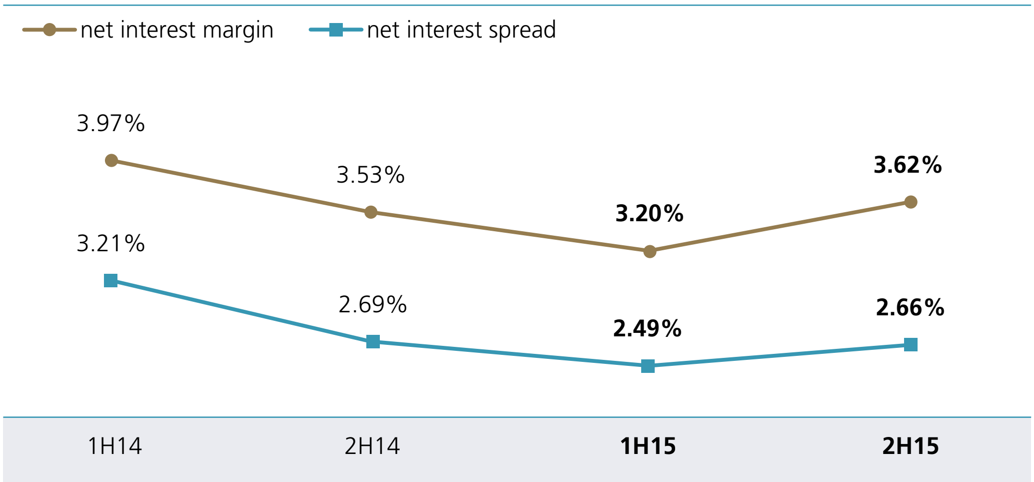
In 2015, the average yield of the Group's interest-earning assets was 8.24%, representing a decrease of 0.46 percentage point as compared to 8.70% in last year; the average cost rate of interest-bearing liabilities was 5.68%, representing a decrease of 0.09 percentage point as compared to 5.77% in last year. The net interest margin of finance lease was 3.42%, representing a decrease of 0.31 percentage point as compared to 3.73% in last year; the net interest spread was 2.56%, representing a decrease of 0.37 percentage point as compared to 2.93% in last year.

The decrease of the Group's net interest spread in 2015 was mainly because the decrease of average cost rate of interest-bearing liabilities was less than the decrease of average yield of interest-earning assets. The two reasons are as follows: on one hand, in order to control the exchange rate risk, the Group lowered the percentage of USD-denominated financing which was low in interest rate but exposed to exchange rate risks. As such, the percentage of USD-denominated liabilities decreased from 16.5% at the end of 2014 to 7.7% at the end of 2015, which resulted in the increase of the Group's average cost rate while the negative impact from RMB depreciation could be reduced. On the other hand, the weakened RMB against USD resulted in the tough position of offshore RMB and the increase of loan and deposit rates, which in turn resulted in the increase of average cost rate of the Group's offshore RMB borrowings at CNH Hibor.

From 2008 to 2014, affected by the implementation of quantitative easing policy of the United States after the global financial crisis, the overseas capital markets had sufficient liquidity and the interest rate was keeping at a low level. Therefore, the Group actively conducted overseas financing activities to reduce the financing cost. At the end of 2014, the Group's overseas financing amount accounted for 54.9% of the balance of interest-bearing liabilities, among which USD-denominated financing amount accounted for 16.5% and CNH financing amount accounted for 38.4%. During 2015, the strengthening USD against RMB increased the exchange rate risk of USD-denominated borrowings and the CNH Hibor had kept rising. In order to control the exchange rate risk, the Group actively lowered the percentage of USD-denominated financing amount; meanwhile, for CNH floating rate borrowings, the Group reduced the finance cost by adopting measures such as early repayment and interest rate adjustment in the second half of 2015. Through the aforesaid measures, the percentage of the Group's overseas financing amount decreased from 54.9% at the end of 2014 to 29.6% at the end of 2015, the average cost rate of interest-bearing liabilities decreased 0.3 percentage point from 5.83% in the first half of 2015 to 5.53% in the second half of 2015.

Through the active adjustments to the Group's financing structure, the net interest margin and net interest spread of the Group had recovered from the bottom and expected to continuously improve in 2016.

Change of the Yield of the Group's Finance Lease Business (2014 – 2015)



2.2.2 Industry, equipment and financing advisory services

Industry, equipment and financing advisory services is part of the Group's integrated medical services. In 2015, the gross profit from industry, equipment and financing advisory services was RMB586 million, representing an increase of RMB144 million or 32.5% as compared to 2014. During 2015, based on finance lease business, the Group continuously expanded its medical resources platform and strengthened its internal collaboration and staff training so as to provide its customers with more valuable, flexible and diversified advisory services and assist its customers in improving the quality of technical services. During 2015, the Group operated 229 advisory service projects as compared to 202 advisory service projects operated in last year and the number of contracts achieved a year-on-year growth of 13.4%; the average revenue per advisory service contract increased to RMB2.57 million from RMB2.20 million in 2014, representing a year-on-year growth of 16.8%.

2.2.3 *Clinical department upgrade services*

The Group's clinical department upgrade services business mainly includes the provision of services on certain medical subjects such as technical advisory, professional training, workflow construction, equipment and financial planning, in order to enhance the technical services ability and management efficiency of the partnered hospitals with operating lease and sales of equipment attached. In 2015, the gross profit of clinical department upgrade services was RMB123 million, representing an increase of RMB67.89 million or 123.5% as compared to 2014.

Breakdown of the Group's clinical department upgrade services

	2015			2014		
	Income RMB'000	Gross profit RMB'000	% of total gross profit	Income RMB'000	Gross profit RMB'000	% of total gross profit
Clinical department upgrade advisory services	**114,225**	**113,420**	**92.3%**	42,830	42,322	77.0%
Operating lease	**17,983**	**3,480**	**2.8%**	17,076	2,640	4.8%
Sales of medical equipment	**12,338**	**5,971**	**4.9%**	18,425	10,015	18.2%
Total	**144,546**	**122,871**	**100.0%**	78,331	54,977	100.0%

The core business of the Group's clinical department upgrade services is clinical department upgrade advisory services. During 2015, by following the path of CVA prevention, screening and treatment, the Group stuck to the philosophy of "Patients come first" and introduced international advanced technology and managerial expertise and further optimized the clinical department upgrade business model with integration of specialist, technology, training, capital and equipment, cooperated with more specialists from various fields of study, expanded the business model of CVA clinical department upgrade to other major and difficult diseases in oncology, obstetrics and gynecology and cardiology, provided customers with equipments, patients screening diagnosis and treatment service, personnel training, surgery instruction, professional skills communication and improvement service, and continuously put greater effort into marketing so as to provide more clinical department upgrade services to the customers. As of 31 December 2015, the number of clinical department upgrade customers increased to 105 customers in 25 provinces from 55 customers in 22 provinces at the end of 2014. In 2015, the gross profit of clinical department upgrade advisory services was RMB113 million, representing an increase of RMB71.1 million or 168.0% as compared to last year, and accounted for 92.3% of the total gross profit of clinical department upgrade services, and the percentage as total gross profit increased by 15.3 percentage points as compared to last year.

In 2015, the Group's operating lease business remained stable, and its gross profit margin had increased. For sales business, affected by the more complicated approval procedures for hospital procurement resulted from the change of external environment, the government's encouragement on introduction of local brands and the longer time required for medical devices registration due to the change of regulations, both its revenue and gross profit had decreased.

2.3 Other income and gains

In 2015, the Group's other income and gains was RMB58.75 million, representing an increase of RMB43.33 million or 281.0% as compared to last year. This was mainly because of the appreciation of USD against RMB in 2015, the Group held the monetary assets in foreign currency while continuously decreased the liabilities in foreign currency and thus generated foreign exchange gains.

2.4 Operating cost

In 2015, the Group's sales and distribution cost and administrative expenses were RMB214 million and RMB246 million, respectively, representing an increase of RMB87.63 million and RMB55.88 million or 69.4% and 29.3%, respectively, as compared to last year. In 2015, the cost to income ratio was 29.91%, representing an increase of 5.15 percentage points as compared to 24.76% last year.

The operating cost increased mainly because: on one hand, to cater the need from the implementation of corporate strategies, the Group actively recruited high-quality professionals in the field of hospital investment & management and medical technology services, further optimized the structure of professionals and improved the compensation incentive mechanism, as such, the relevant salary and benefits expenses had increased. On the other hand, the Group had new listing expenses of RMB31.56 million in 2015. With the effect of listing expenses excluded, the cost to income ratio of 2015 was 27.50%, a slight increase from last year.

2.5 Income tax expenses

In 2015, the Group's income tax expenses increased by RMB87.30 million from last year, which was mainly due to the increase of profit before tax and the income tax expenses of RMB11.00 million resulted from the distribution of dividend in 2015.

3. FINANCIAL POSITION ANALYSIS

In 2015, for strategic development purpose, the Group optimized its assets structure by controlling the investment amount and direction of finance lease assets and implementation of assets securitization. The Group also paid close attention to the domestic and overseas financial environment, actively adjusted the financing strategy and optimized the debt structure. As at 31 December 2015, the Group's debt ratio was 75.14%, representing a decrease of 10.04 percentage points compared to 31 December 2014.

3.1 Overview of assets

As at 31 December 2015, the Group's total assets was RMB23,658 million, representing an increase of RMB7,273 million or 44.4% as compared to 31 December 2014. In particular, our loan and accounts receivable was RMB21,317 million, representing an increase of RMB5,678 million or 36.3% as compared to the end of last year; our cash and cash equivalents was RMB1,866 million, representing an increase of RMB1,412 million or 311.3% as compared to the end of last year. For assets structure, our loan and accounts receivable accounted for 90.1% of the total assets; and the cash and cash equivalents accounted for 7.9% of the total assets.

The following table sets forth the Group's assets for the dates indicated

	31 December 2015		31 December 2014		
	RMB'000	**% of total**	RMB'000	% of total	Change %
Restricted deposits	**153,705**	**0.6%**	100,504	0.6%	52.9%
Cash and cash equivalents	**1,865,670**	**7.9%**	453,569	2.8%	311.3%
Inventories	**2,643**	**0.0%**	3,119	0.0%	-15.3%
Loans and accounts receivables	**21,316,958**	**90.1%**	15,639,329	95.5%	36.3%
Prepayments, deposits and other receivables	**142,598**	**0.6%**	55,287	0.3%	157.9%
Property, plant and equipment	**89,586**	**0.4%**	90,056	0.6%	-0.5%
Available for sale investments	**64,916**	**0.3%**	20,955	0.1%	209.8%
Deferred tax assets	**21,777**	**0.1%**	22,497	0.1%	-3.2%
Other assets	**28**	**0.0%**	–	–	100.0%
Total	**23,657,881**	**100.0%**	16,385,316	100.0%	44.4%

3.1.1 Cash and cash equivalents

In 2015, the Group received net proceeds from initial public offering of RMB2,776 million. As of 31 December 2015, the balance of proceeds from initial public offering was RMB1,169 million and will be utilized gradually in accordance with the use of proceeds disclosed in the Prospectus.

3.1.2 Loans and accounts receivable

As at 31 December 2015, the Group's loans and accounts receivable was RMB21,317 million, among which the lease receivables was RMB21,312 million, accounted for 99.98% of the loans and accounts receivable.

Lease receivables

In 2015, the Group continued to increase the investment in finance lease business in healthcare industry and laid emphasis on the combination of adjustment to finance lease assets structure and risk prevention and control. As the industry structure being optimized, the scale of finance lease assets continuously increased, and the quality of assets was also improving.

Balance of lease receivables by industry

	31 December 2015		31 December 2014		
	RMB'000	**% of total**	RMB'000	% of total	Change %
Healthcare	**16,692,512**	**77.3%**	10,589,532	66.8%	57.6%
Education	**4,076,706**	**18.9%**	4,475,593	28.2%	-8.9%
Other	**831,434**	**3.8%**	785,014	5.0%	5.9%
Net lease receivables	**21,600,652**	**100.0%**	15,850,139	100.0%	36.3%
Less: Lease receivables provision	**288,520**		219,470		
Net value	**21,312,132**		15,630,669		

The Group further focused on healthcare industry. As at 31 December 2015, the net lease receivables from healthcare industry was RMB16,693 million, representing an increase of RMB6,103 million or 57.6% as compared to 31 December 2014, and accounted for 77.3% of the net lease receivables, an increase of 10.5 percentage points from the end of last year.

Maturity analysis of net lease receivables

	31 December 2015		31 December 2014		
	RMB'000	**% of total**	RMB'000	% of total	Change %
Within 1 year	**6,036,410**	**27.9%**	4,243,709	26.8%	42.2%
1-2 year	**5,301,893**	**24.5%**	3,920,617	24.7%	35.2%
2-3 year	**4,395,572**	**20.3%**	3,495,340	22.1%	25.8%
3 years and beyond	**5,866,777**	**27.3%**	4,190,473	26.4%	40.0%
Net lease receivables	**21,600,652**	**100.0%**	15,850,139	100.0%	36.3%

The Group formulated reasonable business investment strategies according to the strategic plan so as to ensure the sustained and steady cash inflow. At the end of 2015, the distribution of maturity of the Group's net lease receivables was relatively balanced.

Five-category classification of net lease receivables

	31 December 2015		31 December 2014		
	RMB'000	**% of total**	RMB'000	% of total	Change %
Pass	**18,242,578**	**84.45%**	13,358,461	84.28%	36.6%
Special mention	**3,189,810**	**14.77%**	2,359,549	14.89%	35.2%
Substandard	**123,592**	**0.57%**	90,765	0.57%	36.2%
Doubtful	**44,672**	**0.21%**	41,364	0.26%	8.0%
Loss	**–**	**–**	–	–	–
Net lease receivables	**21,600,652**	**100.00%**	15,850,139	100.0%	36.3%
Non-performing assets	**168,264**		132,129		
Non-performing asset ratio	**0.78%**		0.83%		

Note: Please refer to the paragraph headed "Management Discussion and Analysis – 7. Risk Management" in this annual report for the standard of five-category classification.

The Group has been implementing stable asset management policies and sustainably adopting stringent and prudent asset classification policies. As at 31 December 2015, the Group had non-performing assets of RMB168 million, representing an increase of RMB36.14 million as compared to the end of last year, which was mainly due to the increase in total lease receivables resulting from the expansion of the finance lease business of the Group; meanwhile, the Group continuously improved its risk management system, adopted effective risk prevention measures and increased the effort in the collection of non-performing assets. As at 31 December 2015, the Group's non-performing asset ratio was 0.78%, representing a decrease of 0.05 percentage point from 31 December 2014.

Ratio of overdue lease receivables (representing the lease receivables over 30 days overdue)

	31 December 2015	31 December 2014
Overdue ratio (over 30 days)(1)	**0.46%**	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 policies consistently. The Group had an overdue ratio (over 30 days) of 0.46% as at 31 December 2015, decreased by 0.5 percentage point as compared to 31 December 2014.

Provision for impairment of lease receivables

	31 December 2015		31 December 2014	
	RMB'000	**% of total**	RMB'000	% of total
Allowance for asset impairment:				
Individually assessed	**64,383**	**22.3%**	57,199	26.1%
Collectively assessed	**224,137**	**77.7%**	162,271	73.9%
Total	**288,520**	**100.0%**	219,470	100.0%
Non-performing assets	**168,264**		132,129	
Provision coverage ratio	**171.47%**		166.10%	

As at 31 December 2015, the Group's provision coverage ratio was 171.47%, representing an increase of 5.37 percentage points from 31 December 2014. With the expansion of the Group's business, the Group's management believes that it is necessary to take more prudent measures to protect the Group against systemic risks and gradually adopt the international standards and practices.

Allocation of provision for impairment of lease receivables by five-category classification

	31 December 2015		31 December 2014	
	RMB'000	**% of total**	RMB'000	% of total
Allowance for asset impairment:				
Pass	**100,225**	**34.8%**	71,049	32.4%
Special mention	**123,912**	**42.9%**	91,224	41.6%
Substandard	**27,677**	**9.6%**	22,229	10.1%
Doubtful	**36,706**	**12.7%**	34,968	15.9%
Loss	**–**	**–**	–	–
Total	**288,520**	**100.0%**	219,470	100.0%

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

3.2 Overview of liabilities

As at 31 December 2015, the Group's total liabilities was RMB17,777 million, representing an increase of RMB3,819 million or 27.4% as compared to 31 December 2014.

The following table sets forth the Group's liabilities as at the dates indicated

	31 December 2015		31 December 2014		
	RMB'000	**% of total**	RMB'000	% of total	Change %
Interest-bearing bank and other borrowings	**15,458,354**	**87.0%**	11,408,252	81.7%	35.5%
Trade and bills payable	**94,773**	**0.5%**	956,422	6.9%	-90.1%
Other payables and accruals	**2,093,421**	**11.7%**	1,558,263	11.2%	34.3%
Derivative financial instruments	**–**	**0.0%**	1,780	0.0%	-100.0%
Taxes payable	**65,217**	**0.4%**	12,145	0.1%	437.0%
Other liabilities	**64,916**	**0.4%**	20,955	0.1%	209.8%
Total	**17,776,681**	**100.0%**	13,957,817	100.0%	27.4%

Interest-bearing bank and other borrowings

During 2015, the Group continued to improve its financing capabilities based on its own credit and asset quality. Under the complicated domestic and overseas financial environment, the Group actively adjusted financing strategies, optimized its debt structure and continuously expanded into direct and indirect finance sectors. The Group's interest-bearing bank and other borrowings is mainly used to provide capital for its finance lease business. As at 31 December 2015, the Group's interest-bearing bank and other borrowings was RMB15,458 million, representing an increase of RMB4,050 million or 35.5% as compared to 31 December 2014.

Breakdown of Interest-bearing bank and other borrowings

	31 December 2015		31 December 2014		
	RMB'000	**% of total**	RMB'000	% of total	Change %
Bank loans	**9,542,573**	**61.7%**	7,483,429	65.6%	27.5%
Due to related parties	**500,000**	**3.2%**	1,024,644	9.0%	-51.2%
Bonds	**4,297,487**	**27.8%**	1,591,521	14.0%	170.0%
Other loans	**1,118,294**	**7.3%**	1,308,658	11.4%	-14.5%
Total	**15,458,354**	**100.0%**	11,408,252	100.0%	35.5%

As at 31 December 2015, the balance of the Group's bank loans amounted to RMB9,543 million, accounting for 61.7% (representing a decrease of 3.9 percentage points as compared to 31 December 2014) of its total interest-bearing bank and other borrowings. This was mainly because the Group further broadened its financing channels in 2015, issued asset-backed securities of RMB1,142 million and issued short-term financing bonds and domestic medium-term notes with a total of RMB1,800 million.

Breakdown of interest-bearing and other borrowings by currency

	31 December 2015		31 December 2014		
	RMB'000	**% of total**	RMB'000	% of total	Change %
RMB	**14,269,715**	**92.3%**	9,529,685	83.5%	49.7%
USD	**1,188,639**	**7.7%**	1,878,567	16.5%	-36.7%
Total	**15,458,354**	**100.0%**	11,408,252	100.0%	35.5%

As at 31 December 2015, the Group's interest-bearing bank and other borrowings denominated in RMB was RMB14,270 million, which accounted for 92.3% (representing an increase of 8.8 percentage points compared to 31 December 2014) of its total interest-bearing bank and other borrowings.

In 2015, the slowdown of China's economic growth and the appreciation of USD resulted in the significant depreciation of RMB against USD. In order to control exchange rate risk, the Group proactively reduced the proportion of USD borrowings with lower interest rate. For domestic and overseas borrowings denominated in USD, the Group minimized the risk from the significant fluctuation of the exchange rate between RMB and USD by implementing comprehensive measures including minimizing its net foreign currency position which effectively control the exchange rate risk.

Breakdown of the current and non-current interest-bearing bank and other borrowings

	31 December 2015		31 December 2014		
	RMB'000	**% of total**	RMB'000	% of total	Change %
Current	**7,634,574**	**49.4%**	4,118,187	36.1%	85.4%
Non-current	**7,823,780**	**50.6%**	7,290,065	63.9%	7.3%
Total	**15,458,354**	**100.0%**	11,408,252	100.0%	35.5%

As at 31 December 2015, the balance of the Group's current interest-bearing and other borrowings amounted to RMB7,635 million, accounting for 49.4% of our total interest-bearing bank and other borrowings. It represents an increase of 13.3 percentage points as compared to 36.1% as at 31 December 2014. In 2015, although the proportion of the Group's current liabilities increased in 2015 as compared to 2014, the Group's current assets increased significantly, as a result, the Group maintained sufficient liquidity and did not have liquidity gap.

Breakdown of secured and unsecured interest-bearing bank and other borrowings

	31 December 2015		31 December 2014		
	RMB'000	**% of total**	RMB'000	% of total	Change %
Secured	**6,009,325**	**38.9%**	6,049,635	53.0%	-0.7%
Unsecured	**9,449,029**	**61.1%**	5,358,617	47.0%	76.3%
Total	**15,458,354**	**100.0%**	11,408,252	100.0%	35.5%

As at 31 December 2015, the Group's secured interest-bearing bank and other borrowings amounted to RMB6,009 million, accounting for 38.9% of the total interest-bearing bank and other borrowings. It represents a decrease of 14.1 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.

Breakdown of guaranteed and unguaranteed interest-bearing bank and other borrowings

	31 December 2015		31 December 2014		
	RMB'000	**% of total**	RMB'000	% of total	Change %
Guaranteed	**–**	**0.0%**	1,548,712	13.6%	-100.0%
Unguaranteed	**15,458,354**	**100.0%**	9,859,540	86.4%	56.8%
Total	**15,458,354**	**100.0%**	11,408,252	100.0%	35.5%

In 2015, the Group settled all the borrowings guaranteed by our related parties. As of 31 December 2015, the balance of the Group's guaranteed interest-bearing bank and other borrowings amounted to RMB nil, as compared to the balance of RMB1,549 million as at 31 December 2014.

Other payables and accruals

Other payables and accruals primarily include lease deposits paid by customers, certain accrued interest on borrowings, as well as accrued salary and welfare payables. As at 31 December 2015, other payables and accruals amounted to RMB2,093 million, representing an increase of RMB535 million or 34.3% as compared to the end of last year, which was mainly due to the increase in lease deposits paid by customers.

3.3 Shareholders' equity

At the end of 2015, the Group's total equity amounted to RMB5,881 million, representing an increase of RMB3,454 million or 142.3% as compared to the end of last year. The Company was listed on the main board of the Stock Exchange on 8 July 2015, and finished the over-allotment on 5 August 2015. The total offered share is 446,738,500 with a total proceeds of RMB2,883 million. After deducting the capitalization fees such as underwriting fee, the Group's share capital increased by RMB2,776 million. The Group's reserve increased by RMB706 million, which was mainly due to the increase in profit for the year. As at 31 December 2015, the Group's distributable reserves, calculated under Part 6 of the Companies Ordinance, amounted to RMB1,441 million.

4. CASH FLOWS ANALYSIS

	For the year ended 31 December		
	2015	2014	Change
	RMB'000	RMB'000	%
Net cash flows used in operating activities	**(5,320,875)**	(4,110,715)	29.4%
Net cash flows used in investing activities	**(71,970)**	(741)	9612.6%
Net cash flows from financing activities	**6,668,070**	4,247,903	57.0%
Net increase in cash and cash equivalents	**1,275,225**	136,447	834.6%

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 lease terms of the Group's projects 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 was RMB5,321 million in 2015.

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 2015, net inflow of investing activities was RMB71.97 million.

Net cash flows from financing activities:

In 2015, the Group's net cash inflows from financing activities was RMB6,668 million, mainly from issuing of new shares, fund raising and loans increased corresponding to the Group's business expansion.

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 maximizes its shareholders' benefits. The Group uses debt ratio and gearing ratio (interest-bearing bank and other borrowings divided by total equity) to monitor its capital. In 2015, no changes were made to the Group's objectives, policies or processes for managing capital.

Debt ratio

	December 31 2015 RMB'000	December 31 2014 RMB'000
Total assets	**23,657,881**	16,385,316
Total liabilities	**17,776,681**	13,957,817
Total equity	**5,881,200**	2,427,499
Debt ratio	**75.14%**	85.18%

Gearing ratio

	December 31 2015 RMB'000	December 31 2014 RMB'000
Interest-bearing bank and other borrowings	**15,458,354**	11,408,252
Total equity	**5,881,200**	2,427,499
Gearing ratio	**2.63**	4.70

On 8 July 2015, the Company was listed on the Stock Exchange, raising a total proceeds of RMB2,883 million. As of 31 December 2015, the Group's debt ratio and gearing ratio have declined as compared to the end of last year.

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 2015, the Group had capital expenditure of RMB28.90 million, which consisted of primarily related expenses for purchase of equipment for operating lease business and office renovation costs.

Use of proceeds from the initial public offering

The Group's shares were listed on the Stock Exchange on 8 July 2015. After the partial exercise of the over-allotment option, after deducting underwriting commissions and all related expenses, the net proceeds from the initial public offering amounted to approximately RMB2,776 million. As at the date of this annual report, the Company does not anticipate any change to its plan on the use of proceeds as stated in the Prospectus.

The Board closely monitored the use of proceeds from the initial public offering with reference to the use of proceeds disclosed in the Prospectus and confirmed that there was no significant change in the proposed use of proceeds as previously disclosed in the Prospectus. As of 31 December 2015, the Group used the net proceeds for the following purposes:

- RMB1,249 million was used for supporting the ongoing growth of our finance lease business;

- RMB11 million was used for research of development and operation of hospital digitalization services. We further recruited and increased the size of our technology solutions team who developed a proprietary information management system for hospitals, and carried out several marketing activities;

- RMB25 million was used for the development of our hospital investment & management. We concentrated on market development and expansion of external medical resources, recruited a hospital management experts team and provided professional training to internal personnel;

- RMB44 million was used for further development of CVA project solutions and other new clinical department upgrade services for other medical areas. We increased the number of our internal experts with relevant medical background and provided the hospital customers with financial support for clinical department upgrade; and

- RMB278 million was used for funding general corporate purposes.

7. RISK MANAGEMENT

The Group's principal financial instruments comprises, among others, lease receivables, trade receivables, trade payables, bank loans and other interest-bearing borrowings, cash and short-term deposits. The main purpose of interest-bearing bank and other borrowings is to finance the Group's operations while other financial assets and financial liabilities such as lease receivables, 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 modeling). 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 measures.

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	
	31 December 2015 RMB'000	31 December 2014 RMB'000
Change in base points		
+100 base points	**92,855**	40,558
- 100 base points	**(92,855)**	(40,558)

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 minimizing 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 %	**31 December 2015 RMB'000**	31 December 2014 RMB'000
If RMB strengthens against USD/HK$	(1)	**(984)**	18,191
If RMB weakens against USD/HK$	1	**984**	(18,191)

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.

7.3 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 recognized 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 financial derivatives asset, available-for-sale investments 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.

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:

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.

Asset management measures

The Group took 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 risky 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, during which cross-selling opportunities could also be explored.

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.

Regular assessment on asset quality and reclassification. The Group adopts a migration model to classify its relevant lease receivables and assets of its finance leasing projects. Under this categorization 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.

Credit Risk Analysis

Analysis on industry concentration of finance lease receivables

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 different regions mainland China, and its lessees are from different industries as follows:

	31 December 2015		31 December 2014	
	RMB'000	**% of total**	RMB'000	% of total
Healthcare	**16,692,512**	**77.3%**	10,589,532	66.8%
Education	**4,076,706**	**18.9%**	4,475,593	28.2%
Others	**831,434**	**3.8%**	785,014	5.0%
Net lease receivables	**21,600,652**	**100.0%**	15,850,139	100.0%
Less: Lease receivables provision	**288,520**		219,470	
Net value	**21,312,132**		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 weakly correlated to the economic cycle, there is no significant credit risk concentration within the Group.

The quantitative data of exposure to credit risk arises from available-for-sale investments, derivative financial assets, loans and accounts receivables, deposits and other receivables, and credit commitments. The analysis of financial assets which are neither past due nor impaired is as follows:

	31 December 2015 RMB'000	31 December 2014 RMB'000
Lease receivables	**21,393,331**	15,692,233
Accounts receivable	**4,826**	8,660
Deposits and other receivables	**96,709**	38,964
Derivative financial assets	**64,916**	20,955
Available for sale investments	**28**	–

As at 31 December 2015 and 31 December 2014, the financial assets which are past due but are not considered impaired amounted to RMB39.06 million and RMB25.78 million, respectively. The days overdue are analyzed as below:

	Within 90 days	90 days to 1 year	1 year to 3 years	Over 3 years	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
As at 31 December 2015					
Net lease receivables	**39,057**	**–**	**–**	**–**	**39,057**
As at 31 December 2014					
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.

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

	31 December 2015	31 December 2014
	RMB'000	RMB'000
Net lease receivables	**168,264**	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.

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

	Within 1 Year RMB'000	1 to 5 years RMB'000	Over 5 years RMB'000	Total RMB'000
As at 31 December 2015				
Total financial assets	**9,562,191**	**18,190,481**	**2,715**	**27,755,387**
Total financial liabilities	**(8,557,097)**	**(10,345,528)**	**–**	**(18,902,625)**
Net liquidity gap[(1)]	**1,005,094**	**7,844,953**	**2,715**	**8,852,762**
As at 31 December 2014				
Total financial assets	6,068,491	13,583,973	5,988	19,658,452
Total financial liabilities	(5,834,161)	(9,327,592)	(13,140)	(15,174,893)
Net liquidity gap[(1)]	234,330	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 1 year with long-term borrowings from financial institutions in 2015, the durations of financial assets and liabilities match more closely.

8. PLEDGE OF THE GROUP'S ASSETS

As at 31 December 2015, the Group had lease receivables of RMB7,531 million and cash of RMB106 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

	31 December 2015 RMB'000	31 December 2014 RMB'000
Legal proceedings		
Claimed amounts	**1,278**	1,278

9.2 Capital Commitments and Credit Commitments

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

	31 December 2015 RMB'000	31 December 2014 RMB'000
Contracted but not allocated capital expenditure	**5,628**	11,499
Credit commitments[1]	**804,604**	637,481

(1) The form of credit commitments is approved leasing agreement but not allocated before each settlement date. The commitments are conditionally revocable.

10. HUMAN RESOURCES

As of 31 December 2015, we had a total of 433 full-time employees, representing an increase of 69 or 18.96%, compared to 364 as of 31 December 2014.

We have a highly educated and high quality work force, with about 86.84% of our employees holding bachelor degrees and above, about 45.96% holding master's degrees and above and about 2.08% holding doctor's degrees as of 31 December 2015. 142 employees or 32.79% of our total employees have medical background.

We have established an effective incentive mechanism to link the remuneration of our employees with their overall performance and contribution to the Company and have established a remuneration and award system based on the fulfillment of annual performance indicator and work targets. We appraise employees with supervisory titles on an annual basis according to our Group's business objectives, organization construction and team management.

We have designed a practical ranking assessment and promotion system for the career development of our employees. By constructing the position system, we set the criteria for level and ranking assessment and promotion of each position, which provide employees with a clear corporate ladder, effectively enhance employees' sense of self-identity and sense of belonging and attract and retain excellent management personnel and professionals.

To establish and improve the mid-and-long-term incentive and restraint mechanism, promote the healthy, stable and sustainable development of the Company, fully mobilize the initiative and creativity of employees and enhance the cohesion of the Company, we had implemented a corporate annuity scheme in 2015.

Employee Welfare

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 of 31 December 2015, we had complied with all statutory social insurance and housing fund obligations applicable to us under PRC laws in all material aspects.

CORPORATE GOVERNANCE REPORT

CORPORATE GOVERNANCE PRACTICES

The Board of the Company has committed to achieving good corporate governance standards.

The Board believes that good corporate governance standards are essential in providing a framework for the Company to safeguard the interests of shareholders and to enhance corporate value and accountability. The Company's corporate governance practices are based on the principles and code provisions as set out in the CG Code contained in Appendix 14 to the Listing Rules and the Company has adopted 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 as set out in the CG Code were not applicable to the Company during the period from 1 January 2015 to 7 July 2015. In the opinion of the directors, throughout the Period, the Company has complied with all code provisions as set out in the CG Code save for the deviations from code provisions A.4.2 and C.3.3(e)(i) which deviations are explained in the relevant paragraphs of this Corporate Governance Report.

The Board will from time to time, review and enhance its corporate governance practices to ensure that the Company continue to meet the requirements of the CG Code.

DIRECTORS' SECURITIES TRANSACTIONS

The Company has adopted its Securities Dealing Code on terms no less exacting than the Model Code as set out in Appendix 10 to the Listing Rules.

The Securities Dealing Code applies to all directors and to all employees of the Company and/or its subsidiaries to whom the code is given and who are informed that they are subject to its provisions.

Specific enquiry has been made to all the directors who have confirmed that they have complied with the Securities Dealing Code throughout the Period.

No incident of non-compliance of the Securities Dealing Code by the relevant employees was noted by the Company.

BOARD OF DIRECTORS

As at the date of this annual report, the Board comprises eleven members, which consist of two executive Directors, six non-executive Directors, and three independent non-executive Directors.

The Board of the Company comprises the following directors:

Executive Directors:
Mr. Guo Weiping *(Chief Executive Officer)*
Ms. Peng Jiahong *(Chief Financial Officer)*

Non-executive Directors:
Mr. Zhang Yichen *(Chairman)*
Mr. Jiang Xin *(Vice-chairman)*
Mr. Liu Zhiyong
Mr. Liu Xiaoping
Mr. Su Guang
Mr. Chen Weisong

Independent Non-executive Directors:
Mr. Lim Yean Leng (resigned with effect from 29 February 2016)
Mr. Li Yinquan
Mr. Chow Siu Lui
Mr. Kong Wei

The list of directors (by category) is also disclosed in all corporate communications issued by the Company pursuant to the Listing Rules from time to time. The independent non-executive directors are expressly identified in all corporate communications pursuant to the Listing Rules.

The biographical information of the directors are set out in the section headed "Directors' Biographical Information" on pages 62 to 70 of this annual report.

None of the members of the Board is related to one another.

Chairman and Chief Executive Officer

The positions of chairman and chief executive officer of the Company are held by Mr. Zhang Yichen and Mr. Guo Weiping respectively. The chairman provides leadership and is responsible for the effective functioning and leadership of the Board. The chief executive officer focuses on the Group's business development and daily management and operations generally. Their respective responsibilities are clearly defined and set out in writing.

Independent Non-executive Directors

Throughout the Period, the Board at all times has four independent non-executive Directors and met the requirements of the Listing Rules relating to the appointment of at least three independent non-executive Directors representing at least one-third of the Board with one of whom possessing appropriate professional qualifications or accounting or related financial management expertise.

The Company has received written annual confirmation from each independent non-executive Director of his independence in accordance with the independence guidelines set out in Rule 3.13 of the Listing Rules. The Company considers all independent non-executive Directors are independent.

On 29 February 2016, Mr. Lim Yean Leng resigned as an independent non-executive Director and a member of the remuneration committee of the Company. Subsequent to his resignation, the number of independent non-executive Directors of the Company does not represent at least one-third of the Board and the remuneration committee does not comprise a majority of independent non-executive Directors as required under Rules 3.10A and 3.25 of the Listing Rules respectively. The Company is in the course of searching for a suitable candidate to fill the casual vacancy and endeavor to comply with the requirements under the Listing Rules.

Terms of Directors and Directors' Re-election

Code provision A.4.1 of the CG Code stipulates that non-executive Directors should be appointed for a specific term, subject to re-election, whereas code provision A.4.2 states that all directors appointed to fill a casual vacancy should be subject to election by shareholders at the first general meeting after appointment and that every director, including those appointed for a specific term, shall be subject to retirement by rotation at least once every three years.

Each of the executive Directors has entered into a service contract with the Company for a term of five years. Each of the non-executive Directors and independent non-executive Directors has entered into a letter of appointment with the Company for a term of three years, and is subject to retirement provision pursuant to the Articles.

Except for the executive Directors, at each annual general meeting, one-third of the Directors or the number which is nearest to and is at least one-third, shall retire from office by rotation and be eligible for re-election. The executive Directors are not subject to retirement provision of the Articles, and the Articles shall not prejudice the power of shareholders in general meeting to remove any such Director. To ensure continuity of leadership and stability for growth of the Company, the Board opined that the executive Directors should hold office on a continuous basis.

Responsibilities, Accountabilities and Contributions of the Board and Management

The Board is responsible for leadership and control of the Company and oversees the businesses, strategic decisions and performance and is collectively responsible for promoting the success of the Company by directing and supervising its affairs. The Directors make decisions objectively in the interests of the Company.

All Directors, including non-executive Directors and independent non-executive Directors, have brought a wide spectrum of valuable business experience, knowledge and professionalism to the Board for its efficient and effective functioning.

All Directors have full and timely access to all the information of the Company as well as the services and advice from the company secretary and senior management. The Directors may, upon request, seek independent professional advice in appropriate circumstances, at the Company's expenses for discharging their duties to the Company.

The Directors shall disclose to the Company details of other offices held by them and the Board regularly reviews the contribution required from each director to perform his responsibilities to the Company.

The Board reserves for its decision all major matters relating to policy matters, strategies and budgets, internal control and risk management, material transactions (in particular those which may involve conflict of interests), financial information, appointment of directors and other significant operational matters of the Company. Responsibilities relating to implementing decisions of the Board, directing and co-ordinating the daily operation and management of the Company are delegated to the management.

Continuous Professional Development of Directors

The Directors keep abreast of responsibilities as a director of the Company and of the conduct, business activities and development of the Company.

Every newly appointed director will receive formal, comprehensive and tailored-made induction on the first occasion of his/her appointment to ensure appropriate understanding of the business and operations of the Company and full awareness of director's responsibilities and obligations under the Listing Rules and other relevant statutory requirements.

Directors should participate in appropriate continuous professional development to develop and refresh their knowledge and skills to ensure that their contribution to the Board remains informed and relevant. Internal briefings for Directors will be arranged and reading materials on relevant topics will be issued to Directors where appropriate. All Directors are encouraged to attend relevant training courses at the Company's expenses.

On 6 March, 2015, the Company organised a training on Hong Kong listed issuers' and directors' continuing duties and responsibilities which was conducted by Wilson Sonsini Goodrich & Rosati, the Company's legal adviser, and relevant reading materials and seminar handouts relating to disclosure of inside information and information necessary to avoid false market, insider dealing, connected transaction rules, Part XV of the Securities and Futures Ordinance, Code on Takeovers and Mergers, responsibilities of directors of listed companies, directors' common law and fiduciary duties, liabilities of directors in relation to the issue of prospectus, etc. were provided to Mr. Zhang Yichen, Mr. Jiang Xin, Mr. Guo Weiping, Ms. Peng Jiahong, Mr. Liu Zhiyong, Mr. Liu Xiaoping, Mr. Su Guang, Mr. Chen Weisong, Mr. Lim Yean Leng (resigned with effect from 29 February 2016), Mr. Li Yinquan, Mr. Chow Siu Lui and Mr. Kong Wei, the then directors of the Company, for their reference and studying.

During the year ended 31 December 2015, all directors have participated in appropriate continuous professional development activities by reading materials including regulatory updates and seminar handouts and reviewing the papers and circulars circulated by the Company. As part of the continuous professional development programme, Directors are also encouraged to participate in various briefings and visits to local management of the Company, as arranged and funded by the Company with appropriate emphasis on the roles, functions and duties of Directors. Details are as follows:

Directors	Reading Relevant Materials	Attending Seminars/ Visiting/Interviewing Key Management
Executive Directors		
Guo Weiping	✓	✓
Peng Jiahong	✓	✓
Non-Executive Directors		
Zhang Yichen	✓	✓
Jiang Xin	✓	✓
Liu Zhiyong	✓	✓
Liu Xiaoping	✓	✓
Su Guang	✓	✓
Chen Weisong	✓	✓
Independent Non-Executive Directors		
Lim Yean Leng*	✓	✓
Li Yinquan	✓	✓
Chow Siu Lui	✓	✓
Kong Wei	✓	✓

* Resigned on 29 February 2016

BOARD COMMITTEES

The Board has established five committees, namely the Audit Committee, Remuneration Committee, Nomination Committee, Risk Control Committee and Strategy Committee to oversee particular aspects of the Company's affairs. All Board committees of the Company are established with defined written terms of reference. The terms of reference of the Audit Committee, Remuneration Committee and Nomination Committee are posted on the websites of the Stock Exchange and the Company, respectively.

Except for the Remuneration Committee (detailed information is set out under "Independent Non-Executive Directors" on page 52 of this annual report), the Audit Committee and the Nomination Committee comprise of a majority of independent non-executive Directors, and the list of the chairman and members of each Board committee is set out under "Corporate Information" an on pages 2 of this annual report.

Audit Committee

The main duties of the Audit Committee include monitoring the integrity of the Company's financial statements, annual report and interim report, and reviewing significant financial reporting judgements contained therein; reviewing the Company's financial controls, and overseeing the risk management and internal control systems; making recommendations to the Board on the appointment, reappointment and removal of external auditor, and approving the remuneration and terms of engagement of external auditor, as well as reviewing arrangements which can be used by the employees of the Company, in confidence, to raise concerns about possible improprieties in financial reporting, internal control or other matters.

The Audit Committee is also responsible for performing the functions set out in the code provision D.3.1 of the CG Code. Its main duties include developing and reviewing the Group's policies and practices on corporate governance and making recommendation to the Board; reviewing and monitoring the Group's policies and practices on compliance with legal and regulatory requirements; reviewing and monitoring the training and continuous professional development of directors and senior management of the Group; and reviewing the Group's compliance with the CG code and the Securities Dealing Code from time to time adopted by the Group and the disclosure in the corporate governance report to be contained in the Company's annual reports.

During the Period, the Audit Committee held one meeting to review interim financial results and reports in respect of the six months ended 30 June 2015. The Audit Committee also reviewed financial control and risk management systems as well as the scope of work of external auditors. In November 2015, the terms of reference of the Audit Committee was revised to incorporate the changes brought by the amendments to the CG Code relating to risk management and internal control.

The Audit Committee also reviewed the Company's corporate governance policies and practices, training and continuous professional development of Directors and senior management, the Company's policies and practices on compliance with legal and regulatory requirements, the compliance of the Model Code and the Securities Dealing Code, and the Company's compliance with the CG Code and disclosure in this Corporate Governance Report.

According to code provision C.3.3(e)(i) of the CG Code, the Audit Committee should meet, at least twice a year, with the Company's auditors. During the Period, as the CG Code was not applicable to the Company prior to its listing on the Stock Exchange on 8 July 2015, the Audit Committee met the external auditor only once, for reviewing the Company's interim results for the first half of 2015.

Remuneration Committee

The primary functions of the Remuneration Committee include making recommendations to the Board on the Company's policy and structure for the remuneration of all Directors and senior management and establishing a formal and transparent procedure for developing the remuneration policy; making recommendations to the Board on the remuneration packages of individual executive Directors and senior management; and ensuring that no Director or any of his associates is involved in deciding his own remuneration.

During the Period, the Remuneration Committee met once to review the remuneration of the Directors and senior management of the Company as well as the total amount of remuneration paid by the Company in year 2015. By reference to the growth rate of corporate profit and remuneration in the industry and in consideration to the steady fast growing profit of the Company in recent years, the Remuneration Committee recommended raising the remuneration of senior management as well as the total amount of remuneration to be paid by the Company as an incentive mechanism to promote steady and long term development of the Company.

Nomination Committee

The principal duties of the Nomination Committee include reviewing the structure, size and composition of the Board; identifying individual suitably qualified to become members of the Board and select or making recommendations to the Board on the selection of individuals nominated for directorship; making recommendations to the Board on the appointment, reappointment and succession planning of Directors; and assessing the independence of independent non-executive Directors, as well as reviewing the board diversity policy.

The Board has adopted a board diversity policy which sets out the approach to achieve diversity on the Board in terms of skills, professional experience, educational background, knowledge, expertise, culture, independence, age and gender. In accordance with the board diversity policy, a truly diverse Board will include and make good use of differences in the skills, regional and industry experience, background, race, gender and other qualities of directors. These differences will be taken into account in determining the optimum composition of the Board. All Board appointments will be based on merit while taking into account diversity (including gender diversity).

During the Period, the Nomination Committee met once mainly to review the structure, size and composition of the Board in consideration to the board diversity policy, and to review the nomination criteria and procedures, the performance of Directors and the independence of independent non-executive Directors as well as to review annually its terms of reference and their effectiveness in the discharge of its duties.

The Nomination Committee considered an appropriate balance of diversity perspectives of the Board is maintained and has not set any measurable objective for implementing diversity on the Board. The Nomination Committee also considered that the Directors are rich in knowledge and experience background and their outstanding skills in their respective expertise can meet the development needs of the Company.

Risk Control Committee

The principal duties of the Risk Control Committee include conducting research on and making recommendations to the Board on the Group's risk management and control systems, ensuring development and maintenance of the Group's systems, reviewing and approving risk management policies and guidelines, undertaking an annual review of the risk management framework, monitoring the implementation of risk management measures and procedures and reviewing the effectiveness of the Group's risk management system.

During the Period, as the period starting from the listing of the Company on 8 July 2015 up to 31 December 2015 was less than a year, the Company considered that it was not necessary to arrange a meeting of the Risk Control Committee.

Strategy Committee

The principal duties of the Strategy Committee include conducting research on and making recommendations to the Board on the Group's mid-term and long-term strategies and their feasibility, conducting research and making recommendations to the Board on the Group's investment plans, major business decisions and investment earnings forecast and evaluating and monitoring the implementation of the strategy, plans and measures adopted by the Committee.

During the Period, as the period starting from the listing of the Company on 8 July 2015 up to 31 December 2015 was less than a year, the Company considered that it was not necessary to arrange a meeting of the Strategy Committee.

ATTENDANCE RECORD OF DIRECTORS AND COMMITTEE MEMBERS

The attendance records of each director at the meetings of the Board, Audit Committee, Remuneration Committee and Nomination Committee held during the year ended 31 December 2015 are set out below:

	Attendance/Number of Meetings during the tenure of directorship			
Name of Director	**Board**	**Audit Committee**	**Remuneration Committee**	**Nomination Committee**
Zhang Yichen	7/7	N/A	N/A	1/1
Jiang Xin	7/7	N/A	N/A	N/A
Guo Weiping	7/7	N/A	N/A	N/A
Peng Jiahong	7/7	N/A	N/A	N/A
Liu Zhiyong	7/7	N/A	N/A	N/A
Liu Xiaoping	7/7	1/1	N/A	N/A
Su Guang	7/7	N/A	N/A	N/A
Chen Weisong[#1]	4/4[(1)]	N/A	1/1[(1)]	N/A
Lim Yean Leng[#2 #4]	3/3[(2)]	N/A	1/1[(2)]	N/A
Li Yinquan[#2]	3/3[(2)]	1/1[(2)]	N/A	N/A
Chow Siu Lui[#2]	3/3[(2)]	1/1[(2)]	1/1[(2)]	1/1[(2)]
Kong Wei[#2]	3/3[(2)]	N/A	N/A	1/1[(2)]
Liu Dongsheng[#3]	3/3[(3)]	N/A	N/A	N/A

#1 Appointed with effect from 6 March 2015

#2 Appointed with effect from 9 June 2015

#3 Resigned with effect from 6 March 2015

#4 Resigned with effect from 29 February 2016

(1) Since 6 March 2015

(2) Since 9 June 2015

(3) Up to 6 March 2015

Apart from the regular Board meetings, the Chairman also held a meeting with the non-executive Directors (including independent non-executive Directors) without the presence of executive Directors during the Period.

DIRECTORS' RESPONSIBILITY IN RESPECT OF THE FINANCIAL STATEMENTS

The Directors acknowledge their responsibility for preparing the financial statements of the Company for the year ended 31 December 2015.

The Directors are not aware of any material uncertainties relating to events or conditions that may significantly affect the Company's ability to continue as a going concern.

The statement of the independent auditors of the Company about their reporting responsibilities on the financial statements is set out in the Independent Auditors' Report on pages 93 to 94 of this annual report.

THE DEED OF NON-COMPETITION OF THE CONTROLLING SHAREHOLDER

Reference is made to the non-competition undertakings given by GT-PRC in favour of the Company disclosed in the Prospectus. GT-PRC has confirmed to the Company that it has complied with the non-competition undertakings during the period from 10 June 2015 (the date of the deed) to 31 December 2015. The independent non-executive Directors have conducted such review for the period from 10 June 2015 (the date of the deed) to 31 December 2015, and also reviewed the relevant undertakings and are satisfied that such undertakings have been complied with.

AUDITORS' REMUNERATION

The remuneration paid to the Company's external auditors of the Company in respect of audit services and non-audit services for the year ended 31 December 2015 amounted to RMB1.8 million and RMB0.5 million respectively.

During the year ended 31 December 2015, the remuneration paid or payable to the Company's external auditor,Ernst & Young, is set out below:

Service Category	Fees Paid/ Payable RMB'000
Audit Services	1,800
Non-audit Services	500

INTERNAL CONTROLS

The Group conducts an annual review on whether there is a need for internal audit. Given the reasonable operating structure of the Group, a separate internal audit department is responsible for internal audit, and the Board is responsible for internal control of the Group and for reviewing its effectiveness.

The Board conducts a review on the internal control system of the Group on an annual basis and has the responsibility to maintain an effective internal control system in order to safeguard the Group's assets and shareholders' interests. The Board also reviews and monitors the effectiveness of the internal control and risk management systems on a regular basis to ensure that the systems in place are adequate.

During the Period, the Company engaged an external independent consultant to conduct a review on the internal control system of the Group in order to maintain high standards of corporate governance. The Board has also reviewed the adequacy of resources, staff qualifications and experience, training programmes and budget of the Company's accounting and financial reporting function. Based on the above, the Board is of the view that the Company has established a proper internal control system which is effective and adequate.

COMPANY SECRETARY

Ms. Cheng Pik Yuk of Tricor Services Limited, an external service provider, has been engaged by the Company as company secretary. Its primary contact person at the Company is Ms. Peng Jiahong (an executive Director and the chief financial officer of the Company).

SHAREHOLDERS' RIGHTS

To safeguard shareholders' interests and rights, a separate resolution will be proposed for each substantially separate issue at general meetings, including the election of individual directors. All resolutions put forward at general meetings will be voted on by poll pursuant to the Listing Rules and poll results will be posted on the websites of the Company and the Stock Exchange respectively after each general meeting.

Right to Call a General Meeting

General meetings may be convened by the Directors on requisition of shareholder(s) of the Company representing at least 5% of the total voting rights of all the shareholders having a right to vote at general meetings or by such shareholder(s) who made the requisition (the "Requisitionist(s)") (as the case may be) pursuant to Sections 566 and 568 respectively of the Companies Ordinance. Shareholders should follow the requirements and procedures as set out in the Companies Ordinance for convening a general meeting.

Putting Forward Proposals at General Meeting

Pursuant to Section 615 of the Companies Ordinance, shareholders representing at least 2.5% of the total voting rights of all shareholders; or at least 50 shareholders (as the case may be) who have a right to vote at the relevant annual general meeting, may request to circulate a resolution to be moved at an annual general meeting. Shareholders should follow the requirements and procedures as set out in the Companies Ordinance for circulating a resolution for annual general meeting.

Putting Forward Enquiries to the Board

Shareholders may send written enquiries or requests to the Company for putting forward any enquiries to the Board of Company. Contact details are as follows:

Address:	Room 3302-3303, Office Tower, Convention Plaza, No.1 Harbour Road, Wanchai, Hong Kong (for the attention of the Board of Directors)
Email:	IR@culc.genertec.com.cn

Shareholders are also welcome to make enquiries via the online enquiry form available on the Company's website at www.universalmsm.com.

For the avoidance of doubt, shareholders must lodge their questions together with their detailed contact information (including full name, contact details and identification) for prompt response from the Company if the Company deems appropriate. Shareholders' information may be disclosed as required by law.

COMMUNICATION WITH SHAREHOLDERS AND INVESTORS/ INVESTOR RELATIONS

The Company considers that effective communication with shareholders(both individual and institutional, and in appropriate circumstances, the investment community at large) is essential for enhancing investor relations and ensuring ready, equal and timely access to balanced and understandable information about the Company (including financial performance, strategic goals and plans, material developments and governance) by investors.

The Company endeavours to maintain an on-going dialogue with shareholders and in particular, through annual general meetings and other general meetings. Board members, in particular, the chairmen of Board committees or their delegates, appropriate management executives and external auditors will use all reasonable efforts to attend annual general meetings and to answer shareholders' questions.

During the Period, the Company has not made any changes to the Articles. An up to date version of the Articles is also available on the websites of the Stock Exchange and the Company respectively. Shareholders may refer to the Articles for further details of their rights.

BIOGRAPHY OF DIRECTORS AND SENIOR MANAGEMENT

DIRECTORS

Our Board is responsible and has general powers for managing and leading our business. As at the date of this annual report, our Board consists of two executive Directors, six non-executive Directors and three independent non-executive Directors.

Mr. Zhang Yichen – Non-Executive Director and Chairman of the Board

Mr. Zhang Yichen, aged 52, is the chairman of our Board, a non-executive Director of our Company, the chairman of Nomination Committee and a member of Strategy Committee. He is primarily responsible for leading and chairing the Board and providing advice and participating in meetings of the Board in connection with matters requiring Directors' consideration and/or approval. Mr. Zhang was appointed as our Director on 19 June 2012 and was re-designated as our non-executive Director on 6 March 2015. Mr. Zhang is also the Chairman of the board of CULC.

Mr. Zhang is a member of the 11th and the 12th National Committee of the Chinese People's Political Consultative Conference. Mr. Zhang was the chairman of China Venture Capital and Private Equity Association and is currently an executive committee member of its board of governors. He is also the vice chairman of Beijing Private Equity Association and Tianjin Private Equity Association, respectively, a member of The China Economic and Social Council and the vice chairman of the Center for China & Globalisation. Mr. Zhang is also a director of Shenhua Group Corporation Limited.

Mr. Zhang joined CITIC Group in 2000 and was an executive director of CITIC Limited (formerly known as CITIC Pacific Limited, whose shares are listed on the main board of the Stock Exchange (stock code: 267)) from March 2000 to May 2002. Mr. Zhang participated in the formation of CITIC Capital Holdings Limited whose principal business activities include investment and management of private equity fund. He is the chairman and the chief executive officer of CITIC Capital Holdings Limited. Prior to joining CITIC Group, he was a managing director in the debt markets group of Merrill Lynch (Asia-Pacific) Limited from September 1996 to February 2000 and was mainly responsible for the debt markets business.

Mr. Zhang served as a non-executive director of Xiezhong International Holdings Limited ("Xiezhong International"), whose shares are listed on the main board of the Stock Exchange (stock code: 3663)) from September 2011 to July 2014. Since May 2002 and January 2014 respectively, Mr. Zhang has been serving as a director of Sina Corporation and an independent director of Weibo Corporation respectively, both of these companies' securities are listed on the NASDAQ Stock Market.

Mr. Zhang was awarded a Bachelor of Science degree in Computer Science and Engineering from Massachusetts Institute of Technology, the USA in June 1986.

Through his interest in controlled corporations, by virtue of the SFO, Mr. Zhang is deemed to be interested in 14.24% of the total number of issued shares of our Company and is a substantial shareholder of our Company.

Mr. Jiang Xin – Non-Executive Director and Vice-Chairman of the Board

Mr. Jiang Xin, aged 53, is the Vice-Chairman of our Board, a non-executive Director of our Company and the chairman of Strategy Committee. He is primarily responsible for providing advice and participating in meetings of the Board in connection with matters requiring Directors' consideration and/or approval. Mr. Jiang was appointed as our Director on 19 June 2012 and was re-designated as our non-executive Director on 6 March 2015. Mr. Jiang is also the vice chairman of the board of CULC.

Since September 2005, Mr. Jiang has been the chief accountant of GT-PRC, our controlling shareholder., mainly responsible for managing basic corporate accounting, managing and supervising financial functions, setting financial and accounting internal control system and supervising material financial matters. Since March 2006, he has also been the chairman of GT-HK, which is wholly-owned by GT-PRC.

From August 1998 to June 2000, Mr. Jiang was the deputy general manager of the financial management department of GT-PRC. From June 2000 to February 2002, he was the chief accountant of CNTIC, a wholly-owned subsidiary of GT-PRC and which is principally engaged in integrated services of technology trade, project contracting and project management. From February 2002 to September 2005, Mr. Jiang was the general manager of China National Corporation for Overseas Economic Cooperation (中國海外經濟合作總公司), a wholly-owned subsidiary of GT-PRC and which principal businesses include international projects contracting and international and domestic trade. Mr. Jiang was mainly responsible for managing the general operation of such company.

Mr. Jiang obtained a Bachelor degree in Economics in Hubei Institute of Finance and Economics (湖北財經學院) (now known as Zhongnan University of Economics and Law (中南財經政法大學)), China in July 1984. He obtained an Executive Master of Business Administration (EMBA) degree from Tsinghua University (清華大學), China in July 2008. He obtained a qualification certificate as a senior economist from the Appraisal and Approval Committee for Professional & Technical Qualification of the Ministry of Finance in China in September 1998.

EXECUTIVE DIRECTORS

Mr. Guo Weiping – Executive Director and Chief Executive Officer

Mr. Guo Weiping, aged 60, is the chief executive officer, an executive Director of our Company and a member of Strategy Committee. He is primarily responsible for managing the overall operations of our Group, planning our business and development strategies and managing our healthcare business. Mr. Guo was appointed as our Director on 19 June 2012 and was re-designated as our executive Director on 6 March 2015. Mr. Guo is also a director of our subsidiaries.

Mr. Guo has over 30 years of experience in financial services, including 15 years of experience in medical financing services.

Before he joined our Group, during 1991 to 2006, Mr. Guo worked in Far Eastern Leasing Co. Ltd (遠東國際租賃有限公司) of the Sinochem Group (中國中化集團) which is principally engaged in leasing business. Mr. Guo was a deputy general manager who was mainly responsible for the management of such company's aviation business and medical businesses.

Mr. Guo joined our Group in August 2006 as a deputy general manager of CU Leasing. In June 2008, he was promoted to become the chief executive officer of CU Leasing. Since August 2010, Mr. Guo has been a director of CU Leasing. He is also the sole director of each of Uni-One and Uni-Two. Mr. Guo has been a director and the chief executive officer of Tianjin Leasing since its incorporation in December 2014. On 6 March 2015, Mr. Guo was appointed as the chief executive officer and re-designated as an executive Director of our Company. Mr. Guo received a degree of Master of Business Administration from Oklahoma City University, the United States in May 1990.

Mr. Guo is the sole beneficial owner and sole director of ITCCL. He is also a director of WHSL. ITCCL and WHSL are our Shareholders and each holds about 0.89% of the total number of issued shares of our Company. By virtue of the SFO, Mr. Guo is deemed to be interested in the Shares held by ITCCL.

Ms. Peng Jiahong – Executive Director, Chief Financial Officer and Deputy General Manager

Ms. Peng Jiahong, aged 45, is the chief financial officer, the deputy general manager, an executive Director of our Company and a member of Risk Control Committee. She is primarily responsible for financial planning and management, risk management, finance management, human resources and related administrative matters. Ms. Peng was appointed as our Director on 22 December 2014 and was re-designated as our executive Director on 6 March 2015. Ms. Peng is also a director of certain subsidiaries of our Company.

Ms. Peng has over 20 years working experience in financial services and financial management, including nine years in medical financing services.

Before joining our Group, Ms. Peng worked as the manager of the finance department from August 1993 to August 2006 in CNTIC and she was mainly responsible for management of financing, fund risk, budgeting and financial reports preparation.

Ms. Peng joined our Group in August 2006 as a deputy general manager of the finance department of CULC. She was then promoted to become the general manager of the finance department of CULC in September 2008. She has been the chief financial officer and the deputy general manager of CULC and our Company since December 2009 and July 2012 respectively. She was appointed as a director of CULC and our Director in December 2014 respectively. Ms. Peng has been acting as a director, the chief financial officer and the deputy general manager of Tianjin Leasing since its incorporation in December 2014. On 6 March 2015, Ms. Peng was appointed as the chief financial officer, the deputy general manager and re-designated as an executive Director of our Company.

Ms. Peng graduated from the University of International Business and Economics, China (中國對外經濟貿易大學) with a Bachelor degree in Professional Accounting in June 1993. She also obtained an Executive Master of Business Administration (EMBA) degree from Tsinghua University (清華大學), China in June 2012. She was qualified as a senior accountant (高級會計師) in December 2006 by the Appraisal and Approval Committee for Professional & Technical Qualification of GT-PRC.

Ms. Peng is the sole beneficial owner and sole director of Evergreen. Ms. Peng is also a director of WHSL. WHSL and Evergreen are our Shareholders and holds about 0.89% and 0.44% respectively of the total number of issued shares of our Company. By virtue of the SFO, Ms. Peng is deemed to be interested in the Shares held by Evergreen.

OTHER NON-EXECUTIVE DIRECTORS

Mr. Liu Zhiyong – Non-Executive Director

Mr. Liu Zhiyong (劉志勇先生), aged 45, a non-executive Director of our Company and a member of Risk Control Committee, is primarily responsible for providing advice and participating in meetings of the Board in connection with matters requiring Directors' consideration and/or approval. Mr. Liu became a director of CULC in December 2005. He was appointed as our Director since 19 April 2012 and was re-designated as our non-executive Director on 6 March 2015. Mr. Liu is also a director of CULC.

Prior to joining our Group, from July 1992 to May 1998, Mr. Liu was the deputy general manager of the finance department of CNTIC, mainly responsible for finance management. Since May 1998, he has been in service with GT-HK (formerly known as CNTIC Group International Finance Limited) which is principally engaged in assets management.

Mr. Liu is currently the general manager and a director of GT-HK, our controlling shareholder and is mainly responsible for managing the general operation of that company. He was a non-executive Director in Lijun International Pharmaceutical (Holdings) Co., Ltd., whose shares are listed on the main board of the Stock Exchange (stock code:2005), from December 2004 to October 2011.

Mr. Liu was awarded a Bachelor degree in Accounting from the People's University of China (中國人民大學), China in July 1992 and obtained an Executive Master of Business Administration (EMBA) degree from the Hong Kong University of Science and Technology, Hong Kong in November 2006. He obtained a qualifying certificate from the Examination Committee of Certified Public Accountants of the Ministry of Finance in December 1994.

Mr. Liu Xiaoping – Non-Executive Director

Mr. Liu Xiaoping, aged 60, is a non-executive Director of our Company and a member of Audit Committee. He is primarily responsible for providing advice and participating in meetings of the Board in connection with matters requiring Directors' consideration and/or approval. Mr. Liu was appointed as our Director on 19 June 2012 and was re-designated as our non-executive Director on 6 March 2015. Mr. Liu is also a director of CULC and the chairman of Tianjin Leasing.

Mr. Liu has been a senior managing director of private equity department of CITIC Capital Holdings Limited since December 2005 and he was mainly responsible for leading private equity projects in China. Mr. Liu is a director of CITIC Capital Leasing, our Shareholder which holds 14.24% of the total number of issued shares of our Company.

Prior to joining CITIC Capital Holdings Limited, from August 1998 to August 2002, Mr. Liu was the vice president of direct investment department of China International Capital Corporation (Hong Kong) Limited, whose principal business activities include direct investment. From March 2004 to September 2005, he served as an executive director of Alibaba Health Information Technology Limited (formerly known as CITIC 21CN Company Limited, whose shares are listed on the main board of the Stock Exchange (stock code: 241)). Mr. Liu also served as a non-executive director of Xiezhong International from September 2011 to July 2014.

Mr. Liu graduated from Jilin University (吉林大學) (formerly known as Jilin University of Technology (吉林工業大學)), China in January 1980 and studied Mechanical Engineering. He received a Master degree in Engineering from Beijing University of Aeronautics and Astronautics (北京航空航天大學) (formerly known as Beijing Institute of Aeronautics and Astronautics (北京航空學院)), China in April 1982 and a Doctor degree of philosophy from the University of Minnesota, the USA in March 1990.

Mr. Su Guang – Non-Executive Director

Mr. Su Guang, aged 36, is a non-executive Director of our Company. He is primarily responsible for providing advice and participating in meetings of the Board in connection with matters requiring Directors' consideration and/or approval. Mr. Su was appointed as our Director on 22 December 2014 and was re-designated as our non-executive Director on 6 March 2015. Mr. Su is also a director of CULC.

Mr. Su was the managing director and head of cross border structured finance of ICBC International Holdings Limited, which is wholly owned by Industrial and Commercial Bank of China Limited, a company listed on the main board of the Stock Exchange (stock code: 1398) and on the Shanghai Stock Exchange (stock code: 601398), and was mainly in charge of cross-border structured investments and financing business, and left his office in February 2016.

Mr. Su joined the asset management department of the headquarter of Ping An Bank Co., Ltd. ("Ping An Bank") (listed on the Shenzhen Stock Exchange, stock code: 000001) in March 2016, serving as a president of the department and a vice chief representative of Ping An Bank's representative office in Hong Kong.

Mr. Su obtained a Master of Science degree in Financial Analysis from the Hong Kong University of Science and Technology in June 2012.

Mr. Chen Weisong – Non-Executive Director

Mr. Chen Weisong, aged 37, is a non-executive Director of our Company and a member of Renumeration Committee. He is primarily responsible for providing advice and participating in meetings of the Board in connection with matters requiring Directors' consideration and/or approval. Mr. Chen was appointed as our non-executive Director on 6 March, 2015. Mr. Chen is also a director of CULC and Tianjin Leasing.

Mr. Chen received a Master of Philosophy degree from the University of Hong Kong, Hong Kong in December 2005. Mr. Chen obtained the qualification as a Chartered Financial Analyst from CFA Institute in September 2011. He has been a fellow of the Association of Chartered Certified Accountants since October 2012.

INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. Li Yinquan – Independent Non-Executive Director

Mr. Li Yinquan, aged 60, was appointed as an independent non-executive director with effect from 9 June 2015. He is also the chairman of Audit Committee.

He joined China Merchants Group in March 2000. He served as an executive director of China Merchants Holdings (International) Company Limited (whose shares are listed on the Main Board of the Stock Exchange (stock code: 144)) from June 2001 to March 2015. He is now a director of China Merchants Group, an executive director of China Merchants China Direct Investments Limited (whose shares are listed on the main board of the Stock Exchange, stock code: 133), and a non-executive director of China Merchants Bank Co., Ltd. (whose shares are listed on the Main Board of the Stock Exchange (stock code: 3968) and the Shanghai Stock Exchange (stock code: 600036)).

Prior to joining China Merchants Group, Mr. Li has worked in the Agricultural Bank of China, and was the vice general manager of the Hong Kong branch before he left that bank.

Mr. Li was awarded a Bachelor degree in Economics from Shaanxi Institute of Finance and Economics (陝西財經學院), China in July 1983. He was then awarded a Master degree in Economics from the PBC School of Finance, Tsinghua University (清華大學五道口金融學院) (formerly known as Graduate School of the People's Bank of China (中國人民銀行總行金融研究所)) in July 1986. In October 1988, Mr. Li obtained a Master degree in Banking and Finance for Development from Finafrica Foundation in Milan, Italy. In August 1989, he obtained the qualification as a senior economist by the Appraisal and Approval Committee for Professional & Technical Qualification of the Agricultural Bank of China.

Mr. Chow Siu Lui – Independent Non-Executive Director

Mr. Chow Siu Lui, aged 55, was appointed an independent non-executive director with effect from 9 June 2015. He is also the Chairman of Renumeration Committee and a member of Audit Committee.

Mr. Chow has a wealth of experience in fund raising and IPO activities in Hong Kong and in accounting and financial areas. He is currently the partner of VMS Investment Group (HK) Ltd. and he is responsible for providing advice on issues regarding fund raising, pre-IPO group restructuring and due diligence exercises for investment projects. Prior to that, Mr. Chow was in service with KPMG Hong Kong for about 28 years and was admitted as one of its partners in 1995. He was then mainly responsible for IPO advisory services and assisting in fund raising activities in local and overseas stock exchanges.

Mr. Chow is the chairman of the audit committee and the investment strategy task force of the Hong Kong Institute of Chartered Secretaries ("HKICS"), and also the chairman of the Mainland Development Strategies Advisory Panel of the HKICPA.

Mr. Chow is now an independent non-executive director of Fullshare Holdings Limited (whose shares are listed on the main board of the Stock Exchange (stock code: 607)) and an independent non-executive director of Sinco Pharmaceuticals Holdings Limited (whose shares are listed on the main board of the Stock Exchange (stock code: 6833)). He acted as an independent non-executive director of Kong Shum Union Property Management (Holding) Limited (whose shares are listed on the growth enterprise market of the Stock Exchange (stock code: 8181)) from February 2015 to October 2015 and an independent non-executive director of NWS Holdings Limited (whose shares are listed on the main board of the Stock Exchange (stock code: 659)) from March 2012 to June 2012.

Mr. Chow was awarded a Professional Diploma in Accountancy from the Hong Kong Polytechnic University (formally known as Hong Kong Polytechnic), Hong Kong in November 1983. By profession, he became a fellow of the Association of Chartered Certified Accountants in July 1991, the Institute of Chartered Secretaries and Administrators ("ICSA") and HKICS both in October 2009, and the HKICPA in December 1993.

Mr. Kong Wei – Independent Non-Executive Director

Mr. Kong Wei, aged 43, was appointed as an independent non-executive director with effect from 9 June 2015. He is also a member of Nomination Committee.

Mr. Kong has been practicing Chinese laws for more than 20 years and he is now a partner of Zhong Lun Law Firm, specialising in capital markets, mergers, acquisitions and financing of companies and project financing. Mr. Kong is in charge of the capital market and corporate business of the firm's Shanghai branch.

Mr. Kong was awarded a Bachelor degree in Law from Gansu Institute of Political Science and Law (甘肅政法學院), China in July 1993 and was admitted as a practicing lawyer in China by Shanghai Bureau of Justice of China in the same year.

SENIOR MANAGEMENT

Mr. Yang Jingyao – Deputy General Manager

Mr. Yang Jingyao, aged 49, joined our Group in January 2015. He is mainly responsible for managing our medical equipment sourcing, sales and technical services business.

Mr. Yang was awarded a Bachelor degree in Economics in July 1987 from the Guangdong University of Foreign Studies (廣東外語外貿大學) (formerly known as the Guangzhou Institute of Foreign Trade (廣州對外貿易學院)). He obtained a degree of Executive Master of Business Administration in May 2006 from the University of Texas at Arlington, the U.S..

Before Mr. Yang joined our Group, he was in service with China Meheco Co., Ltd. (中國醫藥健康產業股份有限公司 (formerly known as 中國醫藥保健品股份有限公司)) from July 1987 to December 2009. Mr. Yang's last position in that company was deputy general manager and he was mainly responsible for the management and supervision of international trade of medicine and medical products. He was the officer manager of GT-PRC from December 2009 to December 2014, mainly responsible for the overall coordination, internal and external promotion of that company, and communication with external parties.

Mr. Chen Jianying – Deputy General Manager

Mr. Chen Jianying, aged 39, joined our Group in October 2014. He is mainly responsible for managing the leasing business of our Group.

Mr. Chen was awarded a Bachelor degree of Engineering in Applied Electronic (應用電子技術) in June 1997 and a Master degree of Economics in International Trade (國際貿易學) in April 2003, both from the Wuhan University of Technology (武漢理工大學) (formerly known as Wuhan Automotive Polytechnic University (武漢汽車工業大學)), China.

Before Mr. Chen joined our Group, from August 2006 to March 2012, Mr. Chen was the general manager of the energy business department and the aviation business department of Shanghai Electric Leasing Co., Ltd. (上海電氣租賃有限公司). From April 2012 to September 2014, he was the senior manager of SPDB Financial Leasing Co., Ltd. (浦銀金融租賃股份有限公司).

COMPANY SECRETARY

Ms. Cheng Pik Yuk

Ms. Cheng Pik Yuk, aged 58, was appointed as the Company Secretary of our Company on 6 March, 2015. She is mainly responsible for the provision of corporate secretarial services.

Ms. Cheng is a director of the corporate services department in Tricor Services Limited. She has over 30 years of experience in the corporate secretarial field, providing corporate secretarial services to Hong Kong listed companies and multi-national companies.

Ms. Cheng obtained a Higher Diploma in Company Secretaryship and Administration from the Hong Kong Polytechnic University (formally known as Hong Kong Polytechnic), Hong Kong in November 1980. She was admitted as a fellow of both the HKICS and the ICSA, both in June 1996.

DIRECTORS' REPORT

The Board is pleased to present the Directors' Report of the year 2015 together with the audited financial statements of the Group for the year ended 31 December 2015.

PRINCIPAL BUSINESS ACTIVITIES

The Group are principally engaged in the provision of integrated healthcare services with integration of capital, technology, equipment, specialists, management and training resources to hospital customers. Our business can be divided into four major sectors, including medical financing services, hospital investment & management services, medical technology services and hospital digitalisation services. For medical financing sector, the Group owns two subsidiaries (CULC and Tianjin Leasing) as operating entities. For hospital investment & management, medical technology and hospital digitalisation sectors, the Group has established Wiseman Hospital Investment & Management (Tianjin) Co., Ltd., Universal Medical HarmoCare Technology Services (Tianjin) Co., Ltd. and Sinosound Healthcare Technology (Tianjin) Co., Ltd. as respective operating entities to conduct business operation.

BUSINESS REVIEW

Part of the business review as required under Schedule 5 of the Companies Ordinance is included in the Section headed "Management Discussion and Analysis" in this annual report on page 18 to 49, and such discussion and analysis forms part of this directors' report.

RESULTS AND DIVIDENDS

Our results for the year ended 31 December 2015 are set out in the consolidated statement of profit or loss on page 95 of this annual report.

The Board recommends the payment of a final dividend of HK$0.13 per share in respect of the year ended 31 December 2015 to shareholders whose names appear on the register of members of the Company on 16 June 2016. The proposed final dividend will be paid on or about 27 June 2016, subject to approval at the 2016 AGM.

CHANGE OF COMPANY NAME

The Company changed its name from "Universal International Leasing Co., Limited 環球國際租賃有限公司" to "Universal Medical Services & Health Management Company Limited 環球醫療服務有限公司" on 17 February 2015 and then to "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" on 11 June 2015.

CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company will be closed during the following periods:

1. from Friday, 3 June 2016 to Tuesday, 7 June 2016, both days inclusive and during which period no share transfer will be effected, for the purpose of ascertaining shareholders' entitlement to attend and vote at the 2016 AGM. In order to be eligible to attend and vote at the 2016 AGM, all transfer documents accompanied by the relevant share certificates must be lodged for registration with the Company's share registrar, Computershare Hong Kong Investor Services Limited, at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wan Chai, Hong Kong, not later than 4:30 p.m. on Thursday, 2 June 2016; and

2. from Tuesday, 14 June 2016 to Thursday, 16 June 2016, both days inclusive and during which period no share transfer will be effected, for the purpose of ascertaining shareholders' entitlement to the proposed final dividend. In order to establish entitlements to the proposed final dividend, all transfer documents accompanied by the relevant share certificates must be lodged for registration with the Company's share registrar, Computershare Hong Kong Investor Services Limited, at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wan Chai, Hong Kong, not later than 4:30 p.m. on Monday, 13 June 2016.

PROPERTY, PLANT AND EQUIPMENT

The movements in our property, plant and equipment for the year are set out in Note 12 to the financial statements.

SOCIAL RESPONSIBILITY: ENVIRONMENTAL POLICIES AND PERFORMANCE

The Group's business does not involve any nature resources emissions. However, the Group executes practices that improve energy efficiency, conserve resources for its operation and raise environmental awareness for our employees. The key environmental impacts from the Group's operations are related to energy and paper consumption. To achieve environment protection, the Group encourages employees to shift to e-statement or scanning to reduce our use of paper and greenhouse gas emissions; switch off all computers and office equipment, electrical and air-conditioners at the end of each working day. The Group focuses on paper and toner usage throughout all of our operation and we have always been devoted to reduce energy consumption.

SHARE CAPITAL

Details of the movements in the share capital of the Company are set out in Note 24 to the financial statements.

PURCHASE, SALE OR REDEMPTION OF SHARES OF THE COMPANY

Neither the Company nor any of its subsidiaries had purchased, redeemed or sold any shares of the Company for the year ended 31 December 2015.

RESERVES

Details of the movements in the reserves of the Group and the Company during the year are set out in the consolidated statement of changes in equity on page 99 of this annual report and Note 25 to the financial statements, respectively.

DIRECTORS

During the financial year ended 31 December 2015 and up to the date of this annual report, directors of the Company were as follows:

Executive Directors
Mr. Guo Weiping
Ms. Peng Jiahong

Non-Executive Directors
Mr. Zhang Yichen
Mr. Jiang Xin
Mr. Liu Zhiyong
Mr. Liu Xiaoping
Mr. Su Guang
Mr. Chen Weisong

Independent Non-Executive Directors
Mr. Li Yinquan
Mr. Chow Siu Lui
Mr. Kong Wei
Mr. Lim Yean Leng (resigned on 29 February 2016)

During the year, Mr. Liu Dongsheng, a former director of the Company, resigned on 6 March 2015.

DIRECTORS OF SUBSIDIARIES

The directors of CULC, (a subsidiary included in the consolidated financial statements) from the financial year ended 31 December 2015 to the date of this report, were Mr. Zhang Yichen, Mr. Jiang Xin, Mr. Guo Weiping, Ms. Peng Jiahong, Mr. Liu Zhiyong, Mr. Liu Xiaoping, Mr. Su Guang and Mr. Chen Weisong.

The directors of Tianjian Leasing (a subsidiary included in the consolidated financial statements), from the financial year ended 31 December 2015 to the date of this report, were Mr. Liu Xiaoping, Mr. Guo Weiping, Ms. Peng Jiahong and Mr. Chen Weisong.

The directors of Sinosound Healthcare Technology (Tianjin) Co., Ltd., (a subsidiary included in the consolidated financial statement) from the financial year ended 31 December 2015 to the date of this report were Mr. Guo Weiping, Ms. Peng Jiahong and Mr. Qiao Guibin.

Mr. Guo Weiping is also the director of the remaining subsidiaries included in the consolidated financial statements.

BIOGRAPHICAL DETAILS OF THE DIRECTORS AND SENIOR MANAGEMENT

Biographical details of the Directors and senior management of the Company are set out on pages 62 to 71 of this annual report.

DIRECTORS' SERVICE CONTRACTS

As at 31 December 2015, none of the directors of the Company had a service contract with the Company or any of its subsidiaries which is not terminable within one year without payment of compensation (other than statutory compensation).

The directors' remuneration is determined with references to directors' duties and responsibilities, individual performance and our results.

Executive Directors

Each of our executive Directors has entered into a service contract with our Company pursuant to which he/she agreed to act as an executive Director for an initial term of five years with effect from 22 December 2014. Pursuant to the resolutions in writing of our Shareholders passed on 10 June 2015, the form and substance of each of the service contracts (including the duration of thereof) made between our executive Directors and us were approved.

The aggregate amount of the basic annual salaries of the two executive Directors is RMB2.4 million. In addition, each of the executive Directors is also entitled to a discretionary management bonus taking into consideration our financial performance and the relevant executive Director's individual contribution to us for the financial year concerned. An executive Director may not vote on any resolution of our Directors regarding the amount of the management bonus payable to him.

Non-Executive Directors and Independent Non-Executive Directors

Each of our non-executive Directors has entered into a letter of appointment with our Company pursuant to which he has been appointed for an initial term of three years commencing from 6 March 2015 and each of our independent non-executive Directors has entered into a letter of appointment with our Company pursuant to which he has been appointed for an initial term of three years commencing from 9 June 2015. Our non-executive Directors are not entitled to any director's fee. Each of our independent non-executive Directors is entitled to a director's fee of HK$200,000 per annum. Save for Directors' fees, none of our non-executive Directors or independent non-executive Directors is expected to receive any other remuneration for holding their office as a non-executive Director or an independent non-executive Directors.

CONFIRMATION OF INDEPENDENCE OF INDEPENDENT NON-EXECUTIVE DIRECTORS

The Company has received an annual confirmation of independence pursuant to Rule 3.13 of the Listing Rules from each of the independent non-executive Directors and considers that each of the independent non-executive directors, namely Mr. Li Yinquan, Mr. Chow Siu Lui, Mr. Kong Wei and Mr. Lim Yean Leng (resigned on 29 February 2016) are independent.

DIRECTORS' AND SENIOR MANAGEMENT'S REMUNERATION

Details of the remuneration of the directors and that of the senior management of the Group for the year ended 31 December 2015 are set out in Note 7 and 32(c) to the consolidated financial statements. The remuneration of each of the two senior management personnel fell within the band from HK$2,500,001 to HK$3,000,001.

PERMITTED INDEMNITY PROVISION

In accordance with the definition of section 469 of the Companies Ordinance, the permitted indemnity provision in relation to the director's and officer's liability insurance was effective in 2015 and remained valid until the date of this annual report.

DIRECTORS' INTERESTS IN CONTRACTS

The Company has entered into certain continuing connected transaction framework agreements with GT-PRC, as set out in the section headed "Continuing Connected Transaction" on page 83 to 89 of this annual report. Each of Mr. Jiang Xin and Mr. Liu Zhiyong (both non-executive Directors of the Company) holds positions in GT-PRC or its associates, but they do not hold any management position within the Company and are not involved in the daily management of our Company.

Save as disclosed above,no Director had a material interest, either directly or indirectly, in any contracts of significance to the business of the Group to which the Company, the controlling shareholder of the Company or their respective subsidiaries was a party during the year.

COMPETING BUSINESS

The controlling shareholder of the Company's compliance of the deed of non-competition entered into in favour of the Company on 10 June 2015 is set out in the Corporate Governance Report.

During the Period, none of the Directors or the controlling shareholder of the Company or their respective associates are considered to be interested in businesses which compete or are likely to compete, either directly or indirectly, with our core businesses.

DISCLOSURE REQUIRED UNDER RULE13.18 OF THE LISTING RULES

As at 31 December 2015, other than the circumstances as disclosed in the Prospectus 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.

PENSION SCHEME

Details of the pension scheme of the Company are set out in the paragraph headed "Pension Obligations" in Note 2.5 to the financial statements.

SHARE OPTION SCHEMES

The Company has not adopted any share option schemes under Chapter 17 of the Listing Rules.

MANAGEMENT CONTRACTS

No contracts concerning the management or administration of the whole or any substantial part of the business of the Group was entered into or subsisted during the year.

ARRANGEMENTS FOR THE DIRECTORS TO PURCHASE SHARES OR DEBENTURES

At no time during the year were there any rights to acquire benefits by means of the acquisition of shares in or debentures of the Company granted to any Director or their respective spouse or children under 18 years of age, nor were there any such rights exercised by them. Also, there was no arrangement to which the Company, its holding company, or any of its subsidiaries or fellow subsidiaries is a party that would enable the directors to acquire such rights in any other body corporate.

DIRECTORS' AND CHIEF EXECUTIVES' INTERESTS AND/OR SHORT POSITIONS IN THE SHARES, UNDERLYING SHARES AND DEBENTURES OF THE COMPANY OR ANY OF ITS ASSOCIATED CORPORATIONS

As at 31 December 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 81 of this annual report 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 December 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.

SUBSTANTIAL SHAREHOLDERS' INTERESTS IN THE SHARES

As at 31 December 2015, the following persons, other than a Director or chief executive of our Company, had interests or short positions 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 of our Company

Name of shareholder	Nature of interest	Number of ordinary Shares[1]	Approximate percentage of interest
GT-HK *(Note 1)*	Beneficial owner	584,000,395	34.03%
GT-PRC *(Note 1)*	Interest of corporation 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 corporation of controlled corporation	244,326,695	14.24%
CCP II GP Ltd. *(Note 2)*	Interest of corporation of controlled corporation	244,326,695	14.24%
CCP LTD. *(Note 2)*	Interest of corporation of controlled corporation	244,326,695	14.24%
CITIC Capital Partners Limited *(Note 2)*	Interest of corporation of controlled corporation	244,326,695	14.24%
CITIC Capital Holdings Limited *(Note 2)*	Interest of corporation of controlled corporation	244,326,695	14.24%
CP Management Holdings Limited *(Note 2)*	Interest of corporation of controlled corporation	244,326,695	14.24%
Central Huijin Investment Ltd. *(Note 3)*	Interest of corporation of controlled corporation	136,103,831	7.93%
Sonic Path Limited *(Note 4)*	Beneficial onwer	96,487,020	5.62%
Healthcare Ventures Holdings Limited *(Note 4)*	Interest of controlled corporation	96,487,020	5.62%
Chow Tai Fook Enterprises Limited *(Note 4)*	Interest of controlled corporation	96,487,020	5.62%
Chow Tai Fook (Holding) Limited *(Note 4)*	Interest of controlled corporation	96,487,020	5.62%
Chow Tai Fook (Capital) Limited *(Note 4)*	Interest of controlled corporation	96,487,020	5.62%
Cheng Yu Tung Family (Holdings) Limited *(Note 4)*	Interest of controlled corporation	96,487,020	5.62%
Cheng Yu Tung Family (Holdings II) Limited *(Note 4)*	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 ("CGCI-PRC"), 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 136,103,831 Shares, 61,834,216 Shares are registered under ICBCI and 74,269,615 Shares are registered under Glory Spring Global Investment Limited ("Glory Spring"). ICBCI is wholly 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% of ICBC and 57.31% of CCB respectively. By virtue of the SFO, Central Huijin is deemed to be interested in a total of 136,103,831 Shares held by ICBCI and Glory Spring.

(4) 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.

PUBLIC FLOAT

Based on the information publicly available to the Company and as far as the Directors are aware as at the Latest Practicable Date, at least 25% of the total issued share capital of the Company is held by the public pursuant to the Listing Rules.

MAJOR CUSTOMERS AND SUPPLIERS

The customer base of the Group mainly consists of hospitals and other healthcare institutions, local governments, and educational and other public institutions. Customers of the Group also include medical equipment suppliers for whom the Group acts as exclusive sales agent and provides equipment in-licensing services. Suppliers of the Group primarily consist of financial institutions that provide the Group with loan facilities and other forms of financing and medical equipment suppliers.

The information of the customers and suppliers is as follows:

	Percentage of the total income (before business taxes and surcharges) for the year ended 31 December 2015
Five largest customers	8.6%
The largest customer	2.0%

	Percentage of total cost of sales for the year ended 31 December 2015
Five largest suppliers	31.63%
The largest supplier	11.38%

As far as the Directors are aware, none of the Directors, their close associates or shareholders holding more than 5% shares of the Company had any interest in our five largest customers or five largest suppliers.

EMPLOYEES

As at 31 December 2015, the Company has a total of 433 employees, including 395 full-time employees, 27 dispatched employees and 11 project workers. Most of employees of the Company are located in Beijing.

For the year ended 31 December 2015, the Company did not experience any strikes or significant labor disputes which materially affected the operation of the Company. The Company maintained good relationship with its employees.

CONTINUING CONNECTED TRANSACTIONS

The Company entered into certain continuing connected transactions with GT-PRC and its associates, as defined in the Listing Rules, which are subject to the disclosure requirements under Chapter 14A of the Listing Rules. The Company confirms that it has complied with the disclosure requirements in accordance with Chapter 14A of the Listing Rules.

The Group has complied with the pricing policy of the Group in respect of the continuing connected transactions for the year ended 31 December 2015.

GT-PRC holds approximately 37.73% of the total issued Shares through its wholly-owned subsidiaries and is a substantial shareholder of the Company. Therefore, GT-PRC and its associates constitute connected persons of the Company.

Advisory Service Purchase Framework Agreement

The Company entered into an advisory service purchase framework agreement ("Advisory Service Purchase Framework Agreement") with GT-PRC on 10 June 2015, pursuant to which the Company and/or its subsidiaries shall purchase advisory services from GT-PRC and/or its associates. The Advisory Service Purchase Framework Agreement commenced from the Listing Date until 31 December 2017 and may be renewed by mutual consent.

The Company entered into the above agreement due to that GT-PRC has established companies or representative offices in various countries in Europe and Americas, including Germany, Italy and the United States. The associates of GT-PRC are relatively familiar with the local markets in these countries and have maintained good cooperative relationship with the local medical device manufacturers and hospitals. Meanwhile, GT-PRC also has a large customer base and extensive sales networks in the domestic market. By leveraging the resources and experience of GT-PRC and its associates in both domestic and international markets, the Company can better develop its businesses.

For the three years ending 31 December 2015, 2016 and 2017, the original total advisory service fees payable by us to GT-PRC and/or its associates were not expected to exceed RMB0.8 million, RMB1.0 million and RMB1.2 million, respectively. Pursuant to the announcement of the Company dated 20 November 2015, the original annual caps has been revised to RMB2.8 million, RMB3.5 million and RMB4.2 million for the three years ending 31 December 2015, 2016 and 2017, respectively ("Revised Annual Caps"). The Revised Annual Caps are based on the following factors: (i) the Company's strategic goal to develop as an integrated healthcare services provider; (ii) we plan to continue using the abundant overseas network resources of GT-PRC; (iii) we plan to continue utilising the client and local resources of GT-PRC and its associates in the domestic market. For the year ended 31 December 2015, the actual transaction amount under the Advisory Service Purchase Framework Agreement has not exceeded the Revised Annual Caps.

Please refer to the Prospectus and the announcement of the Company dated 20 November 2015 relating to this transaction.

Property Lease Framework Agreement

The Company entered into a property lease framework agreement ("Property Lease Framework Agreement") with GT-PRC on June 10, 2015, pursuant to which the Company and/or its subsidiaries shall lease properties from GT-PRC and/or its associates for office and warehousing purposes. The Property Lease Framework Agreement commenced from the Listing Date until 31 December 2017 and may be renewed by mutual consent.

The Company entered into the above agreement due to that it has been leasing certain properties from GT-PRC and/or its associates for office and warehousing purposes. Compared to independent third parties, GT-PRC and its associates (especially Genertec Real Estate Management Co., Ltd. (通用技術集團物業管理有限公司), as a professional property management company affiliated to GT-PRC) have a better understanding of the Company's requirements for office and warehousing properties. In addition, relocating the offices or warehouses of the Company to other premises will also incur unnecessary expenses.

For the three years ending 31 December 2015, 2016 and 2017, total rental payable by us to GT-PRC and/or its associates is not expected to exceed RMB20.0 million, RMB24.0 million and RMB28.0 million, respectively. The above annual cap is based on the following factors: (i) the total property area leased by us from GT-PRC and its associates as of 31 December 2014; (ii) the unit rental stipulated in individual property lease agreements between us and GT-PRC or its associates, which is normally adjusted by GT-PRC and its associates on an annual basis with reference to prevailing market conditions. The Company estimates that the unit rental will increase around 10% annually based on the past rental increase made by GT-PRC and its associates and expected market rental change of local properties with a similar scale and quality; and (iii) the Company plans to establish a new technology information service subsidiary and develop hospital digitalization services, which require, among other things, recruiting more employees. In addition, the Company also needs to recruit more employees to support the expansion of our existing business. We expect that the total number of our employees will grow at an average rate from 20% to 30% during 2015 to 2017. Therefore, we expect that our demand for office premises will increase at the same rate. For the year ended 31 December 2015, the actual transaction amount under the Property Lease Framework Agreement has not exceeded the annual cap.

Please refer to the Prospectus relating to this transaction.

Advisory Service Provision Framework Agreement

The Company entered into an advisory service provision framework agreement ("Advisory Service Provision Framework Agreement") with GT-PRC on 10 June 2015, pursuant to which the Company and/or its subsidiaries shall provide advisory services to GT-PRC and/or its associates. The Advisory Service Provision Framework Agreement commenced from the Listing Date until 31 December 2017 and may be renewed by mutual consent.

The Company entered into the above agreement due to that it is an integrated healthcare services provider offering a variety of solutions, including healthcare industry, equipment and financing advisory services, and clinical department upgrade services. The Company has a large customer base in the healthcare industry and has a team comprising internal and external industry experts. In the ordinary course of business of the Company, GT-PRC and its associates need to cooperate with the Company to broaden their customer base, develop new business opportunities and obtain financing and technical support.

For the three years ending 31 December 2015, 2016 and 2017, total advisory service fees payable to us from GT-PRC and/or its associates are not expected to exceed RMB2.0 million, RMB2.3 million and RMB2.8 million, respectively. The above annual cap is based on the following factors: (i) the historical transaction amounts charged by the Company for advisory service fees from GT-PRC and its associates; (ii) the Company expects GT-PRC and its associates will maintain their demand for consultation services based on the average historical amount for the three years ended 31 December 2014 and there will also be a modest increase at a rate of around 15% during 2015 to 2017; (iii) the Company continues to expand its service scope pertaining to its integrated healthcare solutions, which will broaden the scope of services that the Company is able to provide to GT-PRC and its associates; and (iv) the estimated increase in fee charged for these services due to inflation and expected cost increase. For the year ended 31 December 2015, the actual transaction amount under the Advisory Service Provision Framework Agreement has not exceeded the annual cap.

Please refer to the Prospectus relating to this transaction.

Product Procurement Framework Agreement

The Company entered into a product procurement framework agreement ("Product Procurement Framework Agreement") with GT-PRC on 10 June 2015, pursuant to which the Company and/or its subsidiaries shall purchase relevant products and ancillary services from GT-PRC and/or its associates. The Product Procurement Framework Agreement commenced from the Listing Date until 31 December 2017 and may be renewed by mutual consent.

The Company entered into the above agreement due to that GT-PRC and its associates have abundant business resources and extensive experience in introducing international advanced technology and major equipments. All import and export companies under GT-PRC are large state-owned enterprises engaged in the importation of equipments and instruments in the PRC. The Company has maintained a long-term cooperative relationship with GT-PRC and its associates. Leveraging on such cooperative relationship, the Company believes continuing to procure products from GT-PRC and its associates is more efficient and can better satisfy the need of the Company for providing customized services to its customers. In addition, equipment manufacturing companies under GT-PRC are also leading manufacturers in their respective sectors. The Company procured products from these companies from time to time to satisfy the needs of its non-healthcare industry customers.

For the three years ending 31 December 2015, 2016 and 2017, the total amount payable by us for product procurement from GT-PRC and/or its associates is not expected to exceed RMB25.0 million, RMB30.0 million and RMB36.0 million, respectively. The above annual cap is based on the following factors: (i) the historical transaction amounts for the procurement of equipments and devices by us from GT-PRC and its associates. The Company expects to maintain the level of its procurement demand based on the average historical amount for the three years ended 31 December 2014; (ii) the Company plans to continue to optimize its CVA project solutions and develop other clinical department upgrade services to help hospitals in the PRC establish, modernize and upgrade their clinical department capabilities in medical areas with high and growing demand, which will in turn result in its growing demand for the procurement of medical devices and instruments; and (iii) the expected increase in the production or trade costs of relevant products with reference to the general growth trend in healthcare industry. For the year ended 31 December 2015, the actual transaction amount under the Product Procurement Framework Agreement has not exceeded the annual cap.

Please refer to the Prospectus relating to this transaction.

Product Sales Framework Agreement

The Company entered into a product sales framework agreement ("Product Sales Framework Agreement") with GT-PRC on 10 June 2015, pursuant to which the Company and/or its subsidiaries shall sell exclusively distributed medical devices and proprietary hospital information management systems to GT-PRC and/or its associates. The Product Sales Framework Agreement commenced from the Listing Date until 31 December 2017 and may be renewed by mutual consent.

The Company entered into the above agreement due to that as at 30 June 2015, the Group was the exclusive sales agent in China for 19 medical equipment product categories covering a total of 194 medical equipment product models. The associates of GT-PRC purchase these exclusively distributed medical devices from the Company in the ordinary course of business from time to time. Since the Company owns the exclusive sales agency right for these medical devices in China, the Company expects the associates of GT-PRC will continue to purchase these medical devices from it. In addition, the Company plans to develop hospital digitalization services and develop and sell its proprietary hospital information management systems. The Company expects that the associates of GT-PRC will need to purchase hospital information management systems from it.

For the three years ending 31 December 2015, 2016 and 2017, total amount of purchases receivable by us from GT-PRC and/or its associates is not expected to exceed RMB15.5 million, RMB22.1 million and RMB31.7 million, respectively. The above annual cap is based on the following factors: (i) the historical transaction amount of medical devices sold by the Company to GT-PRC and its associates and its percentage represented in our product sales income, which amounted to approximately 50% on average for the three years ended 31 December 2014. We expect to maintain such level of percentage ratio during 2015 to 2017; (ii) the Company plans to continue to strengthen its global medical equipment in-licensing capability. As at 31 December 2014, the Company had 184 CFDA registrations filed. Thus, the Company expects it will be able to offer more types of medical equipment to expand sales; and (iii) the Company plans to develop hospital digitalization services and develop and sell proprietary hospital information management system, which will enlarge the range of products the Company is able to provide. The Company believes the expected expansion of its product portfolio will contribute to the rapid increase in its product sales income. For the year ended 31 December 2015, the actual transaction amount under the Product Sales Framework Agreement has not exceeded the annual cap.

Please refer to the Prospectus relating to this transaction.

Finance Lease Framework Agreement

The Company entered into a finance lease framework agreement ("Finance Lease Framework Agreement") with GT-PRC on 10 June 2015, pursuant to which the Company and/or its subsidiaries shall provide finance lease services to GT-PRC and/or its associates. The Finance Lease Framework Agreement commenced from the Listing Date until 31 December 2017 and may be renewed by mutual consent.

The Company entered into the above agreement due to that it provides finance lease services in respect of various equipments and devices such as medical devices, educational devices and machineries. Associates of GT-PRC seek finance lease services from the Company from time to time in their ordinary course of business to support their business developments. Since the Company is able to provide customized finance lease service to customers, and is familiar with finance lease requirements of GT-PRC and its associates, the Company expects that GT-PRC and its associates will continue to seek finance lease services from it.

For the three years ending 31 December 2015, 2016 and 2017, the total amount of lease principal to be provided by us to GT-PRC and/or its associates is not expected to exceed RMB53.0 million, RMB63.6 million and RMB76.3 million, respectively, and the total amount of lease interest to be received is not expected to exceed RMB4.1 million, RMB4.9 million and RMB5.9 million, respectively. The above annual cap is based on the following factors: (i) the historical transaction amount of finance lease services provided by the Company to GT-PRC and its associates. The Company estimates the finance lease demand from GT-PRC and its associates will remain at the same level based on the average lease principal for the three years ended 31 December 2014 and will increase at a rate of around 20% from 2015 to 2017 taking into account the general trend in macroeconomic conditions and the new developments in machinery industry; (ii) the existing finance lease contractual arrangement of the Company with GT-PRC and its associates; and (iii) the expected changes in the financing cost of the Company. For the year ended 31 December 2015, the actual transaction amount under the Finance Lease Framework Agreement has not exceeded the annual cap.

Please refer to the Prospectus relating to this transaction.

Deposit and Intermediary Business Service Framework Agreement

The Company entered into a deposit and intermediary business service framework agreement ("Deposit and Intermediary Business Service Framework Agreement") with GT-PRC Finance on 10 June 2015, pursuant to which GT-PRC Finance shall provide deposit and intermediary business services to us. The Deposit and Intermediary Business Service Framework Agreement commenced from the Listing Date until 31 December 2017 and may be renewed by mutual consent.

The Company entered into the above agreement due to that GT-PRC Finance is a non-bank financial institution approved and regulated by the PBOC and the CBRC. Its objectives are to strengthen centralized management of corporate group funds and increase utilization efficiency. The Company uses GT-PRC Finance as a fund management platform to help centralize management and more efficiently allocate funds. Since GT-PRC Finance only provides financial services to member companies of GT-PRC, it has acquired in-depth knowledge about the Company over the years and good understanding on its capital structure, business operation, capital requirements and modes of cash flows, so as to anticipate its business needs and provide customized services for the Company. Moreover, entering into the Deposit and Intermediary Business Service Framework Agreement will not prevent us from using financial services from independent commercial banks in China. We may still select at our own discretion independent commercial banks in China to act as our financial service provider as we deem fit and in the interest of us.

For the year ending 31 December 2015 and the period from 1 January 2016 to the date of the Company's first annual general meeting after the Listing, our daily maximum deposit (including accrued interest) to be placed with GT-PRC Finance is not expected to exceed RMB1,689.0 million and RMB2,413.5 million, respectively, and the total service fees for intermediary business services payable by the Company to GT-PRC Finance are not expected to exceed RMB0.23 million and RMB0.14 million, respectively.

The above proposed daily maximum deposit (including accrued interest) is based on: (i) the Company's daily deposits with GT-PRC Finance during the Track Record Period; (ii) the increase in cash flows from expected business development of the Company; (iii) the increase in cash flows from expected financing activities of the Company, including the Global Offering and our debt funding. To the extent permitted by applicable laws and regulations, we may deposit part or all of the proceeds with GT-PRC Finance. In addition, we have sought to diversify our funding source in recent years. The Company has issued secured bonds with a total principal amount of RMB1,600 million in 2014 and assets-based securities with a total principal amount of RMB1,141.9 million in 2015. The Company may deposit part or all of the proceeds from its diversified funding with GT-PRC as temporary cash management; and (iv) the percentage of cash and cash equivalents in total assets of the Company during the Track Record Period.

The above annual cap on fees for intermediary business services is based on: (i) the service fees paid by the Company to GT-PRC Finance during the Track Record Period; and (ii) the expected increase in demand for intermediary business service due to the Company's business expansion. For the year ended 31 December 2015, the actual transaction amount under the Deposit and Intermediary Business Service Framework Agreement has not exceeded the annual cap.

Please refer to the Prospectus relating to this transaction.

Save as disclosed above, no contract of significance between the Company or any of its subsidiaries and a controlling shareholder of the Company or any of its subsidiaries subsisted during the Period or at the end of the Period and no contract of significance for the provision of services to the Company or any of its subsidiaries by a controlling shareholder of the Company or any of its subsidiaries subsisted during the Period or at the end of the Period.

RELATED PARTY TRANSACTIONS

During the year ended 31 December 2015, certain related parties entered into transactions with us which are disclosed in Note 32 "Related Party Transactions" to the consolidated financial statements of the Group. Save as disclosed in the section headed "Continuing Connected Transaction", the Board confirmed that none of these related party transactions constitutes a discloseable connected transaction as defined under the Listing Rules.

CONFIRMATION OF INDEPENDENT NON-EXECUTIVE DIRECTORS

Pursuant to Rule 14A.55 of the Listing Rules, the continuing connected transactions set out above have been reviewed by the independent non-executive Directors, who confirmed that the aforesaid continuing connected transactions were entered into:

(a) in the ordinary and usual course of business of the Group;

(b) on normal commercial terms; and

(c) in accordance with the relevant agreements governing them on terms that are fair and reasonable and in the interests of the shareholders of the Company as a whole.

CONFIRMATION OF THE AUDITORS

The auditors of the Company have been engaged to report on the above connected transactions of the Company in accordance Hong Kong Standard on Assurance Engagements 3000 (Revised) Assurance Engagements Other Than Audits or Reviews of Historical Financial Information and with reference to Practice Note 740 Auditor's Letter on Continuing Connected Transactions under the Hong Kong Listing Rules issued by the Hong Kong Institute of Certified Public Accountants. The Board has received an unqualified letter from the auditors of the Company in accordance with Rule 14A.56 of the Listing Rules containing the auditors' findings and conclusion on the above continuing connected transactions of the Group, stating that the auditors have not noticed that any of these continuing connected transactions:

(a) have not been approved by the Board;

(b) (for the connected transactions involving the provision of goods or services by the Group) have not been entered into in accordance with the pricing policies of the Group in all material aspects;

(c) have not been entered into in accordance with the terms of the relevant agreements governing such continuing connected transactions in all material aspects; and

(d) have exceeded the relevant caps for the year ended 31 December 2015.

USE OF PROCEEDS FROM THE GLOBAL OFFERING

The Company was listed on the Stock Exchange on 8 July 2015 and the over-allotment was completed on 5 August 2015. We received net proceeds (after deduction of underwriting commission and related costs and expenses) from the global offering of approximately HK$3,527 million. As at the Latest Practicable Date, we has partially utilised such proceeds in accordance with the use of proceeds as disclosed in the Prospectus. Detailed information is set out under "Capital Expenditure" in the section headed "Management Discussion and Analysis" on page 40 of this annual report.

AUDIT COMMITTEE

The Company has established the Audit Committee in compliance with Rule 3.21 and 3.22 of the Listing Rules. It comprises three members, including Mr. Li Yinquan (chairman), Mr. Chow Siu Lui and Mr. Liu Xiaoping, among whom, Mr. Li Yinquan and Mr. Chow Siu Lui are independent non-executive Directors (including one independent non-executive director who owns appropriate professional qualifications or expertise in accounting or relevant finance management).

The Audit Committee has discussed with the management and reviewed this annual report and our financial results for the year ended 31 December 2015. It also discussed with the management and reviewed the financial controls, risk management and internal control system of the Company.

The consolidated financial statements of the Company which are prepared in accordance with Hong Kong Financial Reporting Standards for the year ended 31 December 2015 have been independently audited by Ernst & Young, the auditor of the Company.

AUDITOR

The Company reappointed Ernst & Young as the auditor of the Company in 2015. No change of auditor was made for the three years ended 31 December 2015. The proposal of re-appointing Ernst & Young as the auditor of the Company will be put forward at the 2016 AGM for consideration and approval.

COMPLIANCE WITH LAWS AND REGULATIONS

For the year ended 31 December 2015, the Group was in compliance with the applicable laws and regulations that have a significant impact on the Company in all material respects.

THE PUBLICATION OF THE ANNUAL REPORT

This annual report, in both English and Chinese versions, is available on the Company's website at www.universalmsm.com and the website of the Stock Exchange at www.hkexnews.hk.

Shareholders who have chosen or have been deemed consent to receive the corporate communications of the Company via the Company's website, and who for any reason have difficulty in receiving or gaining access to the corporate communications posted on the Company's website will promptly upon request be sent the annual report in printed form free of charge. Shareholders may at any time change their choice of the means of receipt and language(s) of corporate communications.

Shareholders may request for printed copy of the annual report or change their choice of means of receipt and language of the corporate communications by sending at least a 7-day notice in writing to the Company's share registrar, Computershare Hong Kong Investor Services Limited, at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wan Chai, Hong Kong or by sending an email to unimedical.ecom@computershare.com.hk.

On behalf of the Board

GuoWeiping
Executive Director

Hong Kong, 29 March 2016

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

We have audited the consolidated financial statements Universal Medical Financial & Technical Advisory Services Company Limited (the "Company") and its subsidiaries set out on pages 95 to 188, which comprise the consolidated statements of financial position as at 31 December 2015, and the consolidated statement of profit or loss, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

DIRECTORS' RESPONSIBILITY FOR THE CONSOLIDATED FINANCIAL STATEMENTS

The directors of the Company are responsible for the preparation of consolidated financial statements that give a true and fair view in accordance with Hong Kong Financial Reporting Standards issued by the Hong Kong Institute of Certified Public Accountants and the Hong Kong Companies Ordinance, and for such internal control as the directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

AUDITORS' RESPONSIBILITY

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. Our report is made solely to you, as a body, in accordance with section 405 of the Hong Kong Companies Ordinance, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

We conducted our audit in accordance with Hong Kong Standards on Auditing issued by the Hong Kong Institute of Certified Public Accountants. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditors' judgement, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the entity's preparation of consolidated financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

OPINION

In our opinion, the consolidated financial statements give a true and fair view of the financial position of the Company and its subsidiaries as at 31 December 2015, and of their financial performance and cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards and have been properly prepared in compliance with the Hong Kong Companies Ordinance.

Ernst & Young
Certified Public Accountants
Hong Kong
29 March 2016

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

Year ended 31 December 2015

	Notes	2015 RMB'000	2014 RMB'000
REVENUE	5	**2,193,398**	1,552,682
Cost of sales		**(884,851)**	(619,594)
Gross profit		**1,308,547**	933,088
Other income and gains	5	**58,751**	15,419
Selling and distribution costs		**(213,926)**	(126,295)
Administrative expenses		**(246,496)**	(190,614)
Other expenses		**(6,602)**	(20,516)
PROFIT BEFORE TAX	6	**900,274**	611,082
Income tax expense	9	**(241,748)**	(154,444)
PROFIT FOR THE YEAR		**658,526**	456,638
Attributable to:			
Owners of the parent		**658,526**	456,638
Non-controlling interests		**–**	–
		658,526	456,638
EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT			
Basic and diluted (RMB)	11	**0.44**	0.51

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

Year ended 31 December 2015

	2015 RMB'000	2014 RMB'000
PROFIT FOR THE YEAR	**658,526**	456,638
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	**446**	1,026
Net other comprehensive income not to be reclassified to profit or loss in subsequent periods	**446**	1,026
OTHER COMPREHENSIVE INCOME FOR THE YEAR, NET OF TAX	**446**	1,026
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	**658,972**	457,664
Attributable to:		
Owners of the parent	**658,972**	457,664
Non-controlling interests	**–**	–

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

Year ended 31 December 2015

	Notes	31 December 2015 RMB'000	31 December 2014 RMB'000
NON-CURRENT ASSETS			
Property, plant and equipment	12	**89,586**	90,056
Loans and accounts receivable	16	**15,397,495**	11,471,343
Restricted deposits	18	**14,055**	–
Prepayments, deposits and other receivables	17	**106,930**	20,554
Available-for-sale investments	13	**64,916**	20,955
Deferred tax assets	22	**21,777**	22,497
Total non-current assets		**15,694,759**	11,625,405
CURRENT ASSETS			
Inventories	15	**2,643**	3,119
Loans and accounts receivable	16	**5,919,463**	4,167,986
Prepayments, deposits and other receivables	17	**35,668**	34,733
Derivative financial assets	14	**28**	–
Restricted deposits	18	**139,650**	100,504
Cash and cash equivalents	18	**1,865,670**	453,569
Total current assets		**7,963,122**	4,759,911
CURRENT LIABILITIES			
Trade and bills payables	19	**94,773**	956,422
Other payables and accruals	20	**356,739**	325,695
Interest-bearing bank and other borrowings	21	**7,634,574**	4,118,187
Tax payable		**65,217**	12,145
Total current liabilities		**8,151,303**	5,412,449
NET CURRENT LIABILITIES		**(188,181)**	(652,538)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

Year ended 31 December 2015

	Notes	31 December 2015 RMB'000	31 December 2014 RMB'000
TOTAL ASSETS LESS CURRENT LIABILITIES		**15,506,578**	10,972,867
NON-CURRENT LIABILITIES			
Interest-bearing bank and other borrowings	21	**7,823,780**	7,290,065
Other payables and accruals	20	**1,736,682**	1,232,568
Other liabilities		**64,916**	20,955
Derivative financial liabilities	14	**–**	1,780
Total non-current liabilities		**9,625,378**	8,545,368
Net assets		**5,881,200**	2,427,499
EQUITY			
Share capital	24	**4,327,842**	1,579,905
Reserves	25	**1,553,358**	847,594
Total equity		**5,881,200**	2,427,499

Guo Weiping
Director

Peng Jiahong
Director

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Year ended 31 December 2015

	Share capital RMB'000 (note 24)	Capital reserve* RMB'000 (note 25)	Statutory reserve* RMB'000 (note 25)	Exchange fluctuation reserve* RMB'000 (note 25)	Retained profits* RMB'000	Total RMB'000
At 1 January 2015	**1,579,905**	**4,742**	**119,128**	**1,223**	**722,501**	**2,427,499**
Profit for the year	–	–	–	–	**658,526**	**658,526**
Other comprehensive income for the year:						
Exchange difference on translation of financial statements into presentation currency	–	–	–	**446**	–	**446**
Total comprehensive income for the year	–	–	–	**446**	**658,526**	**658,972**
Issue of shares	**2,775,518**	–	–	–	–	**2,775,518**
Effect of change in functional currency (note 2.3)	**(27,581)**	**(15)**	–	**27,579**	**17**	–
Equity-settled share award arrangements	–	**19,211**	–	–	–	**19,211**
Appropriation of reserves	–	–	**67,700**	–	**(67,700)**	–
At 31 December 2015	**4,327,842**	**23,938**	**186,828**	**29,248**	**1,313,344**	**5,881,200**

* These reserve accounts comprise the consolidated reserves of RMB1,553,358,000 (2014: RMB847,594,000) in the consolidated statement of financial position.

	Share capital RMB'000	Capital reserve RMB'000	Statutory reserve RMB'000	Exchange fluctuation reserve RMB'000	Retained profits RMB'000	Total RMB'000
At 1 January 2014	775,291	–	73,462	197	319,793	1,168,743
Profit for the year	–	–	–	–	456,638	456,638
Other comprehensive income for the year:						
Exchange difference on translation of financial statements into presentation currency	–	–	–	1,026	–	1,026
Total comprehensive income for the year	–	–	–	1,026	456,638	457,664
Issue of shares	804,614	–	–	–	–	804,614
Equity-settled share award arrangements	–	4,742	–	–	–	4,742
Dividends	–	–	–	–	(8,264)	(8,264)
Appropriation of reserves	–	–	45,666	–	(45,666)	–
At 31 December 2014	1,579,905	4,742	119,128	1,223	722,501	2,427,499

CONSOLIDATED STATEMENT OF CASH FLOWS

Year ended 31 December 2015

	Notes	2015 RMB'000	2014 RMB'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before tax		**900,274**	611,082
Adjustments for:			
Finance costs	6	**864,165**	596,954
Interest income	5	**(7,877)**	(2,482)
Derivative financial instruments – transactions not qualifying as hedges:			
Unrealised fair value gains, net	6	**(1,804)**	(4,079)
Depreciation	12	**15,283**	15,150
Provision for impairment of lease receivables	16	**69,050**	85,854
Interest income from available-for-sale investments	5	**(894)**	–
Foreign exchange (gain)/loss, net		**(41,466)**	13,110
Equity-settled share-based compensation expense	26	**19,211**	4,742
		1,815,942	1,320,331
Decrease in inventories		**476**	202
Increase in loans and accounts receivable		**(5,764,438)**	(6,175,768)
(Increase)/decrease in prepayments, deposits and other receivables		**(64,139)**	281,771
Decrease in amounts due from related parties		**17,315**	15,253
(Decrease)/increase in trade and bills payables		**(753,248)**	613,386
Increase in other payables and accruals		**540,222**	689,974
(Decrease)/increase in amounts due to related parties		**(108,401)**	104,536
Increase in other liabilities		**43,961**	–
Net cash flows used in operating activities before interest and tax		**(4,272,310)**	(3,150,315)
Interest paid		**(868,486)**	(795,641)
Interest received		**7,877**	2,482
Income tax paid		**(187,956)**	(167,241)
Net cash flows used in operating activities		**(5,320,875)**	(4,110,715)
CASH FLOWS FROM INVESTING ACTIVITIES			
Interest income from available-for-sale investments		**894**	–
Cash paid for acquisition of property, plant and equipment, intangible assets and other long term assets		**(28,903)**	(741)
Purchase of available-for-sale investments		**(43,961)**	–
Net cash flows used in investing activities		**(71,970)**	(741)

	Notes	2015 RMB'000	2014 RMB'000
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from issue of shares		**2,775,518**	804,614
Increase in amounts due to related parties		**1,750,000**	–
Decrease in amounts due to related parties		**(2,279,005)**	(632,836)
Cash received from borrowings		**13,585,614**	6,206,195
Repayments of borrowings		**(9,102,592)**	(2,076,004)
Cash paid for restricted deposits		**(117,019)**	(100,504)
Repayment of restricted deposits		**63,818**	124,377
Dividends paid		**(8,264)**	(77,939)
Net cash flows from financing activities		**6,668,070**	4,247,903
NET INCREASE IN CASH AND CASH EQUIVALENTS		**1,275,225**	136,447
Cash and cash equivalents at beginning of year		**453,569**	318,998
Effect of exchange rate changes on cash and cash equivalents		**136,876**	(1,876)
CASH AND CASH EQUIVALENTS AT END OF YEAR		**1,865,670**	453,569
ANALYSIS OF CASH AND CASH EQUIVALENTS			
Cash and bank balances		**1,994,723**	529,496
Less: Restricted deposits		**(129,053)**	(75,927)
Cash and cash equivalents as stated in the statement of financial position	18	**1,865,670**	453,569
Cash and cash equivalents as stated in the statement of cash flows		**1,865,670**	453,569

1. CORPORATE AND GROUP 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.

1. CORPORATE AND GROUP INFORMATION (CONTINUED)

Information about subsidiaries:

Particulars of the Company's principle subsidiaries are as follow:

Company name	Place of incorporation/ registration and business	Issued ordinary share/registered capital	Percentage of equity interest attributable to the company		Principal activities
			Direct	Indirect	
中國環球租賃有限公司* (China Universal Leasing Co., Ltd.)	PRC/Mainland China	US$618,887,616	100.00	–	Finance lease
Universal Number One Co., Ltd.	Cayman Islands	US$1	100.00	–	Provision of financing
Universal Number Two Co., Ltd.	Cayman Islands	US$1	100.00	–	For future business purpose
環球國際融資租賃(天津)有限公司** (Universal International Financial Leasing (Tianjin) Co., Ltd.)	PRC/Mainland China	US$150,000,000	25.00	75.00	Finance lease
環醫益和醫療技術服務(天津)有限公司*** (Universal Medical HarmoCare Technology Service (Tianjin) Co., Ltd.)	PRC/Mainland China	RMB18,000,000	–	100.00	Medical technology services
融慧濟民醫院投資管理(天津)有限公司*** (Wiseman Hospital Investment Management (Tianjin) Co., Ltd.)	PRC/Mainland China	RMB300,000,000	–	100.00	Hospital management service
惠民華康醫療信息技術(天津)有限公司** (Sinosound Healthcare Technology (Tianjin) Co., Ltd.)	PRC/Mainland China	RMB30,000,000	–	60.00#	Hospital digitalisation services

* Registered as wholly-foreign-owned entity under PRC law

** Registered as sino-foreign joint ventures under PRC law

*** Registered as limited liability companies under PRC law

There was no equity interest as at 31 December 2015 held by non-controlling interests and no profit or loss for the year allocated to non-controlling interests as the subsidiary has not started its business and its shareholders have not paid any share capital as at 31 December 2015.

2.1 BASIS OF PREPARATION

These financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") (which include all Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards ("HKASs") and Interpretations) issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"), accounting principles generally accepted in Hong Kong. These financial statements also comply with the applicable requirements of the Hong Kong Companies Ordinance. They have been prepared under the historical cost convention, except for derivative financial instruments and available-for-sale investments which have been measured at fair value. These financial statements are presented in Renminbi ("RMB"), and rounded to the nearest thousand except when otherwise indicated.

Basis of consolidation

The consolidated financial statements include the financial statements of the Company and its subsidiaries for the year ended 31 December 2015. A subsidiary is an entity (including a structure entity), directly or indirectly, controlled by the Company. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee (i.e., existing rights that give the Group the current ability to direct the relevant activities of the investee).

When the Company has, directly or indirectly, less than a majority of the voting or similar rights of an investee. The Group considers all relevant facts and circumstances in accessing whether it has power over an investee, including:

(a) the contractual arrangement with the other vote holders of the investee;

(b) rights arising from other contractual arrangements; and

(c) the Group's voting rights and potential voting rights.

The financial statements of the subsidiaries are prepared for the same reporting period as the Company, using consistent accounting policies. The results of subsidiaries are consolidated from the date on which the Group obtains control, and continue to be consolidated until the date that such control ceases.

Profit or loss and each component of other comprehensive income are attributed to the owners of the parent of the Group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

2.1 BASIS OF PREPARATION (CONTINUED)

Basis of consolidation (continued)

The Group reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control described in the accounting policy for subsidiaries below. A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction.

If the Group loses control over a subsidiary, it derecognises (i) the assets (including goodwill) and liabilities of the subsidiary, (ii) the carrying amount of any non-controlling interest and (iii) the cumulative translation differences recorded in equity; and recognises (i) the fair value of the consideration received, (ii) the fair value of any investment retained and (iii) any resulting surplus or deficit in profit or loss. The Group's share of components previously recognised in other comprehensive income is reclassified to profit or loss or retained profits, as appropriate, on the same basis as would be required if the Group had directly disposed of the related assets or liabilities.

Going-concern assumption

As of 31 December 2015, the Group had net current liabilities amounting to RMB188,181,000. When preparing the financial statements, the Group's management concluded that the adoption of the going concern basis of accounting was appropriate after analysing the forecasted cash flows for the twelve months from 31 December 2015 which indicates that the Group will have sufficient liquidity during the next twelve months from cash inflows generated from operations and existing credit facilities. To mitigate any liquidity issues that might be faced by the Group, the Group may curtail and defer its expansion of financial leasing business based on the availability of sufficient funds. Accordingly, the Group will have the financial resources to settle borrowings and liabilities in the next twelve months, as and when they fall due.

2.2 CHANGES IN ACCOUNTING POLICY AND DISCLOSURE

The Group has adopted the following revised standards for the first time for the current year's financial statements.

Amendments to HKAS 19 *Defined Benefit Plans: Employee Contributions*
Annual Improvement to HKFRS 2010-2012 Cycle
Annual Improvement to HKFRS 2011-2013 Cycle

The nature and the impact of each amendment is described below:

(a) Amendments to HKAS 19 apply to contributions from employees or third parties to defined benefit plans. The amendments simplify the accounting for contributions that are independent of the number of years of employee service, for example, employee contributions that are calculated according to a fixed percentage of salary. If the amount of the contributions is independent of the number of years of service, an entity is permitted to recognise such contributions as a reduction of service cost in the period in which the related service is rendered. The amendments have had no impact on the Group as the Group does not have defined benefit plans.

(b) The *Annual Improvement to HKFRS 2010-2012 Cycle* issued in January 2014 set out amendments to a number of HKFRS. Details of the amendments that are effective for the current years are as follows:

- HKFRS 8 *Operating Segments*: Clarifies that an entity must disclose the judgements made by management in applying the aggregation criteria in HKFRS 8, including a brief description of the operating segment that have been aggregated and the economic characteristics used to assess whether the segments are similar. The amendments also clarify that a reconciliation of segment assets to total assets is only required to be disclosed if the reconciliation is reported to the chief operating decision maker. The amendments have had no impact on the Group.

- HKAS 16 *Property, Plant and Equipment* and HKAS 38 *Intangible Assets*: Clarifies the treatment of gross carrying amount and accumulated depreciation or amortisation of revalued items of property, plant and equipment and intangible assets. The amendments have had no impact on the Group as the Group does not apply the revaluation model for the measurement of these assets.

- HKAS 24 *Related Party Disclosures*: Clarifies that a management entity (i.e., an entity that provides key management personnel services) is a related party subject to related party disclosure requirements. In addition, an entity that uses a management entity is required to disclose the expenses incurred for management services. The amendment has had no impact on the Group as the Group does not receive any management services from other entities.

2.2 CHANGES IN ACCOUNTING POLICY AND DISCLOSURE (CONTINUED)

(c) The *Annual Improvements to HKFRSs 2011-2013 Cycle* issued in January 2014 sets out amendments to a number of HKFRSs. Details of the amendments that are effective for the current year are as follows:

- HKFRS 3 *Business Combinations*: Clarifies that joint arrangements but not joint ventures are outside the scope of HKFRS 3 and the scope exception applies only to the accounting in the financial statements of the joint arrangement itself. The amendment is applied prospectively. The amendment has had no impact on the Group as the Company is not a joint arrangement and the Group did not form any joint arrangement during the year.

- HKFRS 13 *Fair Value Measurement*: Clarifies that the portfolio exception in HKFRS 13 can be applied not only to financial assets and financial liabilities, but also to other contracts within the scope of HKFRS 9 or HKAS 39 as applicable. The amendment is applied prospectively from the beginning of the annual period in which HKFRS 13 was initially applied. The amendment has had no impact on the Group as the Group does not apply the portfolio exception in HKFRS 13.

- HKAS 40 *Investment Property*: Clarifies that HKFRS 3, instead of the description of ancillary services in HKAS 40 which differentiates between investment property and owner-occupied property, is used to determine if the transaction is a purchase of an asset or a business combination. The amendment is applied prospectively for acquisitions of investment properties. The amendment has had no impact on the Group as no acquisition of investment properties during the year and so this amendment is not applicable.

In addition, the requirements of Part 9 "Accounts and Audit" of the Hong Kong Companies Ordinance (Cap. 622) came into effect for the first time during the current financial year. The main impact to the financial statements is on the presentation and disclosure of certain information in the financial statements.

2.3 CHANGE IN FUNCTIONAL CURRENCY

An entity's functional currency is the currency of the primary economic environment in which the entity operates.

As the financing capacity of the Company is strengthened following the completion of the Company's initial public offering and listing on the Stock Exchange at the beginning of July 2015, the directors of the Company expect that the Company would be principally engaged in raising funds outside Mainland China to finance the business of its subsidiaries operated in the PRC, since then, the Company's operation would highly rely on RMB. Accordingly, the directors assessed and changed the functional currency of the Company from United States dollar ("US$") to RMB starting from July 2015.

The change in functional currency of the Company was applied prospectively from the date of change in accordance with HKAS 21 "The Effect of Changes in Foreign Exchange Rates". On the date of the change of functional currency, the Company translated all items into RMB using the exchange rate on that date.

2.4 ISSUED BUT NOT YET EFFECTIVE HONG KONG FINANCIAL REPORTING STANDARDS

The Group has not applied the following new and revised HKFRSs, that have been issued but are not yet effective, in these financial statements.

HKFRS 9	*Financial Instruments*[2]
Amendments to HKFRS 10 and HKAS 28 (2011)	*Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*[4]
Amendments to HKFRS 10, HKFRS 12 and HKAS 28 (2011)	*Investment Entities: Applying the Consolidation Exception*[1]
Amendments to HKFRS 11	*Accounting for Acquisitions of Interests in Joint Operations*[1]
HKFRS 14	*Regulatory Deferral Accounts*[3]
HKFRS 15	*Revenue from Contracts with Customers*[2]
Amendments to HKAS 1	*Disclosure Initiative*[1]
Amendments to HKAS 16 and HKAS 38	*Clarification of Acceptable Methods of Depreciation and Amortisation*[1]
Amendments to HKAS 16 and HKAS 41	*Agriculture: Bearer Plants*[1]
Amendments to HKAS 27 (2011)	*Equity Method in Separate Financial Statements*[1]
Annual Improvements 2012-2014 Cycle	Amendments to a number of HKFRSs[1]

1 Effective for annual periods beginning on or after 1 January 2016
2 Effective for annual periods beginning on or after 1 January 2018
3 Effective for an entity that first adopts HKFRSs for its annual financial statements beginning on or after 1 January 2016 and therefore is not applicable to the Group
4 No mandatory effective date yet determined but is available for adoption

2.4 ISSUED BUT NOT YET EFFECTIVE HONG KONG FINANCIAL REPORTING STANDARDS (CONTINUED)

Further information about those HKFRSs that are expected to be applicable to the Group is as follows:

In September 2014, the HKICPA issued the final version of HKFRS 9, bringing together all phases of the financial instruments project to replace HKAS 39 and all previous versions of HKFRS 9. The standard introduces new requirements for classification and measurement, impairment and hedge accounting. The Group expects to adopt HKFRS 9 from 1 January 2018. The Group is currently assessing the impact of the standard upon adoption and expects that the adoption of HKFRS 9 will have an impact on the classification and measurement of the Group's financial assets.

The amendments to HKFRS 10 and HKAS 28 (2011) address an inconsistency between the requirements in HKFRS 10 and in HKAS 28 (2011) in dealing with the sale or contribution of assets between an investor and its associate or joint venture. The amendments require a full recognition of a gain or loss when the sale or contribution of assets between an investor and its associate or joint venture constitutes a business. For a transaction involving assets that do not constitute a business, a gain or loss resulting from the transaction is recognised in the investor's profit or loss only to the extent of the unrelated investor's interest in that associate or joint venture. The amendments are to be applied prospectively. The Group expects to adopt the amendments from 1 January 2016.

The amendments to HKFRS 11 require that an acquirer of an interest in a joint operation in which the activity of the joint operation constitutes a business must apply the relevant principles for business combinations in HKFRS 3. The amendments also clarify that a previously held interest in a joint operation is not remeasured on the acquisition of an additional interest in the same joint operation while joint control is retained. In addition, a scope exclusion has been added to HKFRS 11 to specify that the amendments do not apply when the parties sharing joint control, including the reporting entity, are under common control of the same ultimate controlling party. The amendments apply to both the acquisition of the initial interest in a joint operation and the acquisition of any additional interests in the same joint operation. The amendments are not expected to have any impact on the financial position or performance of the Group upon adoption on 1 January 2016.

HKFRS 15 establishes a new five-step model to account for revenue arising from contracts with customers. Under HKFRS 15, revenue is recognised at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer. The principles in HKFRS 15 provide a more structured approach for measuring and recognising revenue. The standard also introduces extensive qualitative and quantitative disclosure requirements, including disaggregation of total revenue, information about performance obligations, changes in contract asset and liability account balances between periods and key judgements and estimates. The standard will supersede all current revenue recognition requirements under HKFRSs. In September 2015, the HKICPA issued an amendment to HKFRS 15 regarding a one-year deferral of the mandatory effective date of HKFRS 15 to 1 January 2018. The Group expects to adopt HKFRS 15 on 1 January 2018 and is currently assessing the impact of HKFRS 15 upon adoption.

2.4 ISSUED BUT NOT YET EFFECTIVE HONG KONG FINANCIAL REPORTING STANDARDS (CONTINUED)

Amendments to HKAS 1 include narrow-focus improvements in respect of the presentation and disclosure in financial statements. The amendments clarify:

(i) the materiality requirements in HKAS 1;

(ii) that specific line items in the statement of profit or loss and the statement of financial position may be disaggregated;

(iii) that entities have flexibility as to the order in which they present the notes to financial statements; and

(iv) that the share of other comprehensive income of associates and joint ventures accounted for using the equity method must be presented in aggregate as a single line item, and classified between those items that will or will not be subsequently reclassified to profit or loss.

Furthermore, the amendments clarify the requirements that apply when additional subtotals are presented in the statement of financial position and the statement of profit or loss. The Group expects to adopt the amendments from 1 January 2016. The amendments are not expected to have any significant impact on the Group's financial statements.

Amendments to HKAS 16 and HKAS 38 clarify the principle in HKAS 16 and HKAS 38 that revenue reflects a pattern of economic benefits that are generated from operating a business (of which the asset is part) rather than the economic benefits that are consumed through the use of the asset. As a result, a revenue-based method cannot be used to depreciate property, plant and equipment and may only be used in very limited circumstances to amortise intangible assets. The amendments are to be applied prospectively. The amendments are not expected to have any impact on the financial position or performance of the Group upon adoption on 1 January 2016 as the Group has not used a revenue-based method for the calculation of depreciation of its non-current assets.

2.5 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Fair value measurement

The Group measures its derivative financial instruments at fair value at the end of each reporting period. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either in the principal market for the asset or liability, or in the absence of a principal market, in the most advantageous market for the asset or liability. The principal or the most advantageous market must be accessible by the Group. The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

Level 1 – based on quoted prices (unadjusted) in active markets for identical assets or liabilities

Level 2 – based on valuation techniques for which the lowest level input that is significant to the fair value measurement is observable, either directly or indirectly

Level 3 – based on valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

For assets and liabilities that are recognised in the financial statements on a recurring basis, the Group determines whether transfers have occurred between levels in the hierarchy by reassessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

2.5 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Impairment of non-financial assets

Where an indication of impairment exists, or when annual impairment testing for an asset is required (other than inventories and financial assets), the asset's recoverable amount is estimated. An asset's recoverable amount is the higher of the asset's or cash-generating unit's value in use and its fair value less costs of disposal, and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets, in which case the recoverable amount is determined for the cash-generating unit to which the asset belongs.

An impairment loss is recognised only if the carrying amount of an asset exceeds its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. An impairment loss is charged to the statement of profit or loss in the period in which it arises in those expense categories consistent with the function of the impaired asset.

An assessment is made at the end of each reporting period as to whether there is an indication that previously recognised impairment losses may no longer exist or may have decreased. If such an indication exists, the recoverable amount is estimated. A previously recognised impairment loss of an asset other than goodwill is reversed only if there has been a change in the estimates used to determine the recoverable amount of that asset, but not to an amount higher than the carrying amount that would have been determined (net of any depreciation/amortisation) had no impairment loss been recognised for the asset in prior years. A reversal of such an impairment loss is credited to the statement of profit or loss in the period in which it arises, unless the asset is carried at a revalued amount, in which case the reversal of the impairment loss is accounted for in accordance with the relevant accounting policy for that revalued asset.

2.5 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Related parties

A party is considered to be related to the Group if:

(a) the party is a person or a close member of that person's family and that person

(i) has control or joint control over the Group;

(ii) has significant influence over the Group; or

(iii) is a member of the key management personnel of the Group or of a parent of the Group;

or

(b) the party is an entity where any of the following conditions applies:

(i) the entity and the Group are members of the same group;

(ii) one entity is an associate or joint venture of the other entity (or of a parent, subsidiary or fellow subsidiary of the other entity);

(iii) the entity and the Group are joint ventures of the same third party;

(iv) one entity is a joint venture of a third entity and the other entity is an associate of the third entity;

(v) the entity is a post-employment benefit plan for the benefit of employees of either the Group or an entity related to the Group; and the sponsoring employers of the post-employment benefit plan;

(vi) the entity is controlled or jointly controlled by a person identified in (a);

(vii) a person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity); and

(viii) the entity, or any member of a group of which it is a part, provides key management personnel services to the Group or to the parent of the Group.

2.5 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Property, plant and equipment and depreciation

Property, plant and equipment, other than construction in progress, are stated at cost less accumulated depreciation and any impairment losses. When an item of property, plant and equipment is classified as held for sale or when it is part of a disposal group classified as held for sale, it is not depreciated and is accounted for in accordance with HKFRS 5.

The cost of an item of property, plant and equipment comprises its purchase price and any directly attributable costs of bringing the asset to its working condition and location for its intended use.

Expenditure incurred after items of property, plant and equipment have been put into operation, such as repairs and maintenance, is normally charged to the statement of profit or loss in the period in which it is incurred. In situations where the recognition criteria are satisfied, the expenditure for a major inspection is capitalised in the carrying amount of the asset as a replacement. Where significant parts of property, plant and equipment are required to be replaced at intervals, the Group recognises such parts as individual assets with specific useful lives and depreciates them accordingly.

Depreciation is calculated on the straight-line basis to write off the cost of each item of property, plant and equipment to its residual value over its estimated useful life. The principal annual rates used for this purpose are as follows:

Category	Annual depreciation rate
Transportation equipment	9.50%
Office equipment	19.00%
Electronic equipment	19.00%
Medical equipment	8.33%~12.50%
Leasehold improvements	20.00%
Others	19.00%

Where parts of an item of property, plant and equipment have different useful lives, the cost of that item is allocated on a reasonable basis among the parts and each part is depreciated separately. Residual values, useful lives and the depreciation method are reviewed, and adjusted if appropriate, at least at each financial year end.

An item of property, plant and equipment and any significant part initially recognised is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss on disposal or retirement recognised in the statement of profit or loss in the year the asset is derecognised is the difference between the net sales proceeds and the carrying amount of the relevant asset.

2.5 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Leases

Leases that transfer substantially all the rewards and risks of ownership of assets to the Group, other than legal title, are accounted for as finance leases. At the inception of a finance lease, the cost of the leased asset is capitalised at the present value of the minimum lease payments and recorded together with the obligation, excluding the interest element, to reflect the purchase and financing. Assets held under capitalised finance leases, including prepaid land lease payments under finance leases, are included in property, plant and equipment, and depreciated over the shorter of the lease terms and the estimated useful lives of the assets. The finance costs of such leases are charged to the statement of profit or loss so as to provide a constant periodic rate of charge over the lease terms.

Assets acquired through hire purchase contracts of a financing nature are accounted for as finance leases, but are depreciated over their estimated useful lives.

When the Group is a lessor under finance leases, an amount representing the minimum lease payment receivables and initial direct costs is included in the statement of financial position as loans and accounts receivable. Any unguaranteed residual value is also recognised at the inception of the lease. The difference between the sum of the minimum lease payment receivables, initial direct costs, the unguaranteed residual value and their present value is recognised as unearned finance income. Unearned finance income is recognised over the period of the lease using the effective interest rate method.

Leases where substantially all the rewards and risks of ownership of assets remain with the lessor are accounted for as operating leases. Where the Group is the lessor, assets leased by the Group under operating leases are included in non-current assets, and rentals receivable under the operating leases are credited to the statement of profit or loss on the straight-line basis over the lease terms. Where the Group is the lessee, rentals payable under operating leases net of any incentives received from the lessor are charged to the statement of profit or loss on the straight-line basis over the lease terms.

2.5 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Investments and other financial assets

Initial recognition and measurement

Financial assets are classified, at initial recognition, as financial assets at fair value through profit or loss, loans and receivables and available-for-sale financial investments, or as derivatives designated as hedging instruments in an effective hedge, as appropriate. When financial assets are recognised initially, they are measured at fair value plus transaction costs that are attributable to the acquisition of the financial assets, except in the case of financial assets recorded at fair value through profit or loss.

All regular way purchases and sales of financial assets are recognised on the trade date, that is, the date that the Group commits to purchase or sell the asset. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the period generally established by regulation or convention in the marketplace.

Subsequent measurement

The subsequent measurement of financial assets depends on their classification as follows:

Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss include financial assets held for trading and financial assets designated upon initial recognition as at fair value through profit or loss. Financial assets are classified as held for trading if they are acquired for the purpose of sale in the near term. Derivatives, including separated embedded derivatives, are also classified as held for trading unless they are designated as effective hedging instruments as defined by HKAS 39.

Financial assets at fair value through profit or loss are carried in the statement of financial position at fair value with net changes in fair value recognised in other income and gains or finance costs in the statement of profit or loss. These net fair value changes do not include any dividends or interest earned on these financial assets, which are recognised in accordance with the policies set out for "Revenue recognition" below.

Financial assets designated upon initial recognition as at fair value through profit or loss are designated at the date of initial recognition and only if the criteria in HKAS 39 are satisfied.

Derivatives embedded in host contracts are accounted for as separate derivatives and recorded at fair value if their economic characteristics and risks are not closely related to those of the host contracts and the host contracts are not held for trading or designated as at fair value through profit or loss. These embedded derivatives are measured at fair value with changes in fair value recognised in the statement of profit or loss. Reassessment only occurs if there is either a change in the terms of the contract that significantly modifies the cash flows that would otherwise be required or a reclassification of a financial asset out of the fair value through profit or loss category.

2.5 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Investments and other financial assets (continued)

Subsequent measurement (continued)

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. After initial measurement, such assets are subsequently measured at amortised cost using the effective interest rate method less any allowance for impairment. Amortised cost is calculated by taking into account any discount or premium on acquisition and includes fees or costs that are an integral part of the effective interest rate. The effective interest rate amortisation is included in revenue in the statement of profit or loss. The loss arising from impairment is recognised in the statement of profit or loss in administrative expenses.

Available-for-sale financial investments

Available-for-sale financial investments are non-derivative financial assets in listed and unlisted equity investments and debt securities. Equity investments classified as available for sale are those which are neither classified as held for trading nor designated as at fair value through profit or loss. Debt securities in this category are those which are intended to be held for an indefinite period of time and which may be sold in response to needs for liquidity or in response to changes in market conditions.

After initial recognition, available-for-sale financial investments are subsequently measured at fair value, with unrealised gains or losses recognised as other comprehensive income in the available-for-sale investment revaluation reserve until the investment is derecognised, at which time the cumulative gain or loss is recognised in the statement of profit or loss in other income, or until the investment is determined to be impaired, when the cumulative gain or loss is reclassified from the available-for-sale investment revaluation reserve to the statement of profit or loss. Interest and dividends earned whilst holding the available-for-sale financial investments are reported as interest income and dividend income, respectively and are recognised in the statement of profit or loss as other income in accordance with the policies set out for "Revenue recognition" below.

When the fair value of unlisted equity investments cannot be reliably measured because (a) the variability in the range of reasonable fair value estimates is significant for that investment or (b) the probabilities of the various estimates within the range cannot be reasonably assessed and used in estimating fair value, such investments are stated at cost less any impairment losses.

The Group evaluates whether the ability and intention to sell its available-for-sale financial assets in the near term are still appropriate. When, in rare circumstances, the Group is unable to trade these financial assets due to inactive markets, the Group may elect to reclassify these financial assets if management has the ability and intention to hold the assets for the foreseeable future or until maturity.

2.5 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Investments and other financial assets (continued)

Subsequent measurement (continued)

Available-for-sale financial investments (continued)

For a financial asset reclassified from the available-for-sale category, the fair value carrying amount at the date of reclassification becomes its new amortised cost and any previous gain or loss on that asset that has been recognised in equity is amortised to profit or loss over the remaining life of the investment using the effective interest rate. Any difference between the new amortised cost and the maturity amount is also amortised over the remaining life of the asset using the effective interest rate. If the asset is subsequently determined to be impaired, then the amount recorded in equity is reclassified to the statement of profit or loss.

Derecognition of financial assets

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognised (i.e., removed from the Group's consolidated statement of financial position) when:

- the rights to receive cash flows from the asset have expired; or

- the Group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a "pass-through" arrangement; and either (a) the Group has transferred substantially all the risks and rewards of the asset, or (b) the Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Group has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if and to what extent it has retained the risk and rewards of ownership of the asset. When it has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, the Group continues to recognise the transferred asset to the extent of the Group's continuing involvement. In that case, the Group also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of the consideration that the Group could be required to repay.

2.5 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Impairment of financial assets

The Group assesses at the end of each reporting period whether there is objective evidence that a financial asset or a group of financial assets is impaired. An impairment exists if one or more events that occurred after the initial recognition of the asset have an impact on the estimated future cash flows of the financial asset or the group of financial assets that can be reliably estimated. Evidence of impairment may include indications that a debtor or a group of debtors is experiencing significant financial difficulty, default or delinquency in interest or principal payments, the probability that they will enter bankruptcy or other financial reorganisation and observable data indicating that there is a measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults.

Financial assets carried at amortised cost

For financial assets carried at amortised cost, the Group first assesses whether impairment exists individually for financial assets that are individually significant, or collectively for financial assets that are not individually significant. If the Group determines that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, it includes the asset in a group of financial assets with similar credit risk characteristics and collectively assesses them for impairment. Assets that are individually assessed for impairment and for which an impairment loss is, or continues to be, recognised are not included in a collective assessment of impairment.

The amount of any impairment loss identified is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not yet been incurred). The present value of the estimated future cash flows is discounted at the financial asset's original effective interest rate (i.e., the effective interest rate computed at initial recognition).

The carrying amount of the asset is reduced through the use of an allowance account and the loss is recognised in the statement of profit or loss. Interest income continues to be accrued on the reduced carrying amount using the rate of interest used to discount the future cash flows for the purpose of measuring the impairment loss. Loans and receivables together with any associated allowance are written off when there is no realistic prospect of future recovery and all collateral has been realised or has been transferred to the Group.

If, in a subsequent period, the amount of the estimated impairment loss increases or decreases because of an event occurring after the impairment was recognised, the previously recognised impairment loss is increased or reduced by adjusting the allowance account. If a write-off is later recovered, the recovery is credited to the statement of profit or loss.

2.5 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Impairment of financial assets (continued)

Available-for-sale financial investments

For available-for-sale financial investments, the Group assesses at the end of each reporting period whether there is objective evidence that an investment or a group of investments is impaired.

If an available-for-sale asset is impaired, an amount comprising the difference between its cost (net of any principal payment and amortisation) and its current fair value, less any impairment loss previously recognised in the statement of profit or loss, is removed from other comprehensive income and recognised in the statement of profit or loss.

In the case of equity investments classified as available for sale, objective evidence would include a significant or prolonged decline in the fair value of an investment below its cost. "Significant" is evaluated against the original cost of the investment and "prolonged" against the period in which the fair value has been below its original cost. Where there is evidence of impairment, the cumulative loss – measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that investment previously recognised in the statement of profit or loss – is removed from other comprehensive income and recognised in the statement of profit or loss. Impairment losses on equity instruments classified as available for sale are not reversed through the statement of profit or loss. Increases in their fair value after impairment are recognised directly in other comprehensive income.

The determination of what is "significant" or "prolonged" requires judgement. In making this judgement, the Group evaluates, among other factors, the duration or extent to which the fair value of an investment is less than its cost.

In the case of debt instruments classified as available for sale, impairment is assessed based on the same criteria as financial assets carried at amortised cost. However, the amount recorded for impairment is the cumulative loss measured as the difference between the amortised cost and the current fair value, less any impairment loss on that investment previously recognised in the statement of profit or loss. Future interest income continues to be accrued based on the reduced carrying amount of the asset and is accrued using the rate of interest used to discount the future cash flows for the purpose of measuring the impairment loss. The interest income is recorded as part of revenue. Impairment losses on debt instruments are reversed through the statement of profit or loss if the subsequent increase in fair value of the instruments can be objectively related to an event occurring after the impairment loss was recognised in the statement of profit or loss.

2.5 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Financial liabilities

Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

All financial liabilities are recognised initially at fair value and in the case of loans and borrowings, net of directly attributable transaction costs.

The Group's financial liabilities include trade and bills payables, other payables, amounts due to related parties, derivative financial instruments and interest-bearing bank and other borrowings.

Subsequent measurement

The subsequent measurement of financial liabilities depends on their classification as follows:

Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss.

Financial liabilities are classified as held for trading if they are acquired for the purpose of repurchasing in the near term. This category includes derivative financial instruments entered into by the Group that are not designated as hedging instruments in hedge relationships as defined by HKAS 39. Separated embedded derivatives are also classified as held for trading unless they are designated as effective hedging instruments. Gains or losses on liabilities held for trading are recognised in the statement of profit or loss. The net fair value gain or loss recognised in the statement of profit or loss does not include any interest charged on these financial liabilities.

Financial liabilities designated upon initial recognition as at fair value through profit or loss are designated at the date of initial recognition and only if the criteria of HKAS 39 are satisfied.

2.5 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Financial liabilities (continued)

Loans and borrowings

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost, using the effective interest rate method unless the effect of discounting would be immaterial, in which case they are stated at cost. Gains and losses are recognised in the statement of profit or loss when the liabilities are derecognised as well as through the effective interest rate amortisation process.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the effective interest rate. The effective interest rate amortisation is included in cost of sales in the statement of profit or loss.

Financial guarantee contracts

Financial guarantee contracts issued by the Group are those contracts that require a payment to be made to reimburse the holder for a loss it incurs because the specified debtor fails to make a payment when due in accordance with the terms of a debt instrument. A financial guarantee contract is recognised initially as a liability at its fair value, adjusted for transaction costs that are directly attributable to the issuance of the guarantee. Subsequent to initial recognition, the Group measures the financial guarantee contract at the higher of: (i) the amount of the best estimate of the expenditure required to settle the present obligation at the end of the reporting period; and (ii) the amount initially recognised less, when appropriate, cumulative amortisation.

Derecognition of financial liabilities

A financial liability is derecognised when the obligation under the liability is discharged or cancelled, or expires.

When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and a recognition of a new liability, and the difference between the respective carrying amounts is recognised in the statement of profit or loss.

Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the statement of financial position if, and only if, there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the assets and settle the liabilities simultaneously.

2.5 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Derivative financial instruments

Initial recognition and subsequent measurement

The Group uses derivative financial instruments, such as interest rate swaps, to hedge its interest rate risk. Such derivative financial instruments are initially recognised at fair value on the date on which a derivative contract is entered into and are subsequently remeasured at fair value. Derivatives are carried as assets when the fair value is positive and as liabilities when the fair value is negative.

Any gains or losses arising from changes in fair value of derivatives are taken directly to the statement of profit or loss, except for the effective portion of cash flow hedges, which is recognised in other comprehensive income and later reclassified to profit or loss when the hedged item affects profit or loss.

Current versus non-current classification

Derivative instruments that are not designated as effective hedging instruments are classified as current or non-current or separated into a current or non-current portion based on an assessment of the facts and circumstances (i.e., the underlying contracted cash flows).

(a) Where the Group will hold a derivative as an economic hedge (and does not apply hedge accounting) for a period beyond 12 months after the end of the reporting period, the derivative is classified as non-current (or separated into current and non-current portions) consistently with the classification of the underlying item.

(b) Embedded derivatives that are not closely related to the host contract are classified consistently with the cash flows of the host contract.

(c) Derivative instruments that are designated as, and are effective hedging instruments, are classified consistently with the classification of the underlying hedged item. The derivative instruments are separated into current portions and non-current portions only if a reliable allocation can be made.

Inventories

Inventories are goods valued at the lower of cost and net realisable value at the end of the reporting period. The cost of inventories issued is determined on the specific identification basis. The difference between the cost and the lower net realisable value is stated as a provision. Net realisable value is based on estimated selling price less estimated costs to be incurred to completion and disposal.

2.5 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Cash and cash equivalents

For the purpose of the consolidated statement of cash flows, cash and cash equivalents comprise cash on hand and demand deposits, and short term highly liquid investments that are readily convertible into known amounts of cash, are subject to an insignificant risk of changes in value, and have a short maturity of generally within three months when acquired, less bank overdrafts which are repayable on demand and form an integral part of the Group's cash management.

For the purpose of the consolidated statement of financial position, cash and cash equivalents comprise cash on hand and at banks, including term deposits, and assets similar in nature to cash, which are not restricted as to use.

Provisions

A provision is recognised when a present obligation (legal or constructive) has arisen as a result of a past event and it is probable that a future outflow of resources will be required to settle the obligation, provided that a reliable estimate can be made of the amount of the obligation.

When the effect of discounting is material, the amount recognised for a provision is the present value at the end of the reporting period of the future expenditures expected to be required to settle the obligation. The increase in the discounted present value amount arising from the passage of time is included in finance costs in the statement of profit or loss.

Income tax

Income tax comprises current and deferred tax. Income tax relating to items recognised outside profit or loss is recognised outside profit or loss, either in other comprehensive income or directly in equity.

Current tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period, taking into consideration interpretations and practices prevailing in the countries in which the Group operates.

Deferred tax is provided, using the liability method, on all temporary differences at the end of the reporting period between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

2.5 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Income tax (continued)

Deferred tax liabilities are recognised for all taxable temporary differences, except:

- when the deferred tax liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and

- in respect of taxable temporary differences associated with investments in subsidiaries, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognised for all deductible temporary differences, the carry forward of unused tax credits and any unused tax losses. Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, the carry forward of unused tax credits and unused tax losses can be utilised, except:

- when the deferred tax asset relating to the deductible temporary differences arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and

- in respect of deductible temporary differences associated with investments in subsidiaries, deferred tax assets are only recognised to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are reassessed at the end of each reporting period and are recognised to the extent that it has become probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

2.5 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Government grants

Government grants are recognised at their fair value where there is reasonable assurance that the grant will be received and all attaching conditions will be complied with. When the grant relates to an expense item, it is recognised as income on a systematic basis over the periods that the costs, which it is intended to compensate, are expensed.

Revenue recognition

Revenue is recognised when it is probable that the economic benefits will flow to the Group and when the revenue can be measured reliably, on the following bases:

(a) finance lease income, on an accrual basis using the effective interest method by applying the rate that exactly discounts the estimated future cash receipts through the expected life of the net investment of finance lease or a shorter period, when appropriate, to the net carrying amount of the net investment of finance lease;

(b) from the rendering of services, income is recognised when the services have been rendered and the revenue can be reasonably estimated and deferred revenue is recorded as liability when the payments have been made in advance by customers for services yet to be rendered as at each reporting date and recognised as income when the services have been rendered and the revenue can be reasonably estimated;

(c) from the sale of goods, when the significant risks and rewards of ownership have been transferred to the buyer, provided that the Group maintains neither managerial involvement to the degree usually associated with ownership, nor effective control over the goods sold;

(d) operating lease income, on a time proportion basis over the lease terms. Contingent rent is recognised as income in the period in which it is earned;

(e) interest income, on an accrual basis using the effective interest method by applying the rate that exactly discounts the estimated future cash receipts over the expected life of the financial instrument or a shorter period, when appropriate, to the net carrying amount of the financial asset; and

(f) dividend income, when the shareholders' right to receive payment has been established.

2.5 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Share-based payments

The Company operates a share award scheme for the purpose of providing incentives and rewards to eligible participants who contribute to the success of the Group's operations. Employees (including directors) of the Group receive remuneration in the form of share-based payments, whereby employees render services as consideration for equity instruments ("Equity-Settled Transactions").

The cost of equity-settled transactions with employees is measured by reference to the fair value at the date at which they are granted. The fair value is determined by an external valuer using the market approach, further details of which are given in note 26 to the financial statement.

The cost of equity-settled transactions is recognized in employee benefit expense, together with a corresponding increase in equity, over the period in which the performance and/or service conditions are fulfilled. The cumulative expense recognised for equity-settled transactions at the end of each reporting period until the vesting date reflects the extent to which the vesting period has expired and the Group's best estimate of the number of equity instruments that will ultimately vest. The charge or credit to the statement of profit or loss for a period represents the movement in the cumulative expense recognised as at the beginning and end of that period.

Service and non-market performance conditions are not taken into account when determining the grant date fair value of awards, but the likelihood of the conditions being met is assessed as part of the Group's best estimate of the number of equity instruments that will ultimately vest. Market performance conditions are reflected within the grant date fair value. Any other conditions attached to an award, but without an associated service requirement, are considered to be non-vesting conditions. Non-vesting conditions are reflected in the fair value of an award and lead to an immediate expensing of an award unless there are also service and/or performance conditions.

For awards that do not ultimately vest because non-market performance and/or service conditions have not been met, no expense is recognised. Where awards include a market or non-vesting condition, the transactions are treated as vesting irrespective of whether the market or non-vesting condition is satisfied, provided that all other performance and/or service conditions are satisfied.

Where the terms of an equity-settled award are modified, as a minimum an expense is recognised as if the terms had not been modified, if the original terms of the award are met. In addition, an expense is recognised for any modification that increases the total fair value of the share-based payments, or is otherwise beneficial to the employee as measured at the date of modification.

Where an equity-settled award is cancelled, it is treated as if it had vested on the date of cancellation, and any expense not yet recognised for the award is recognised immediately. This includes any award where non-vesting conditions within the control of either the Group or the employee are not met. However, if a new award is substituted for the cancelled award, and is designated as a replacement award on the date that it is granted, the cancelled and new awards are treated as if they were a modification of the original award, as described in the previous paragraph.

2.5 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Other employee benefits

Pension Obligations

The Group operates a defined contribution Mandatory Provident Fund retirement scheme (the "MPF" Scheme") under the Mandatory Provident Fund Schemes Ordinance in Hong Kong for those employees who are eligible to participate in the MPF Scheme. Contributions are made based on a percentage of the employees' basic salaries and are charged to the statement of profit or loss as they become payable in accordance with the rules of the MPF Scheme. The assets of the MPF Scheme are held separately from those of the Group in an independently administered fund. The Group's employer contributions vest fully with the employees when contributed into the MPF Scheme.

The employees of the Group which operates in Mainland China are required to participate in a central pension scheme operated by the local municipal government. The entities are required to contribute certain percentage of their payroll costs to the central pension scheme. The contributions are charged to the statement of profit or loss as they become payable in accordance with the rules of the central pension scheme.

In addition, employees in Mainland China also participate in a defined contribution retirement benefit plan established by the Group (the "Annuity Plan") since 2015. The Group and its employees are required to contribute a certain percentage of the employees' previous year salaries to the Annuity Plan. The contributions are charged to the statement of profit or loss immediately when they occur. The Group pays a fixed contribution into the Annuity Plan and has no obligation to pay further contributions even if the Annuity Plan does not hold sufficient assets to pay all employee benefits.

Dividends

Final dividends are recognised as a liability when they are approved by the shareholders in a general meeting. Following the implementation of the Hong Kong Companies Ordinance (Cap. 622), proposed final dividends are disclosed in the notes to the financial statements.

2.5 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Foreign currencies

These financial statements are presented in RMB, which is the Company's functional currency following the change as described in note 2.3 to the consolidated financial statements. Each entity in the Group determines its own functional currency and items included in the financial statements of each entity are measured using that functional currency. Foreign currency transactions recorded by the entities in the Group are initially recorded using their respective functional currency rates ruling at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies are retranslated at the functional currency rates of exchange ruling at the end of the reporting period. All differences arising on settlement or translation of monetary items are taken to the statement of profit or loss.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was measured. The gain or loss arising on translation of a non-monetary item is treated in line with the recognition of the gain or loss on change in fair value of the item (i.e., translation difference on the item whose fair value gain or loss is recognised in other comprehensive income or profit or loss is also recognised in other comprehensive income or profit or loss, respectively).

The functional currencies of certain entities in the Group are currencies other than RMB. As at the end of the reporting period, the assets and liabilities of these entities are translated into the presentation currency of the Company at the exchange rates ruling at the end of the reporting period and their statement of profit or loss are translated into RMB at the weighted average exchange rates for the year. The resulting exchange differences are recognised in other comprehensive income and accumulated in the exchange fluctuation reserve. On disposal of a foreign operation, the component of other comprehensive income relating to that particular foreign operation is recognised in the statement of profit or loss.

For the purpose of the consolidated statement of cash flows, the cash flows of the entities in the Group whose functional currency is other than RMB are translated into RMB at the exchange rates ruling at the dates of the cash flows. Frequently recurring cash flows of entities with functional currencies other than RMB which arise throughout the year are translated into RMB at the weighted average exchange rates for the year.

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES

The preparation of the Group's financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities, at the end of the report period. However, uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amounts of the assets or liabilities affected in the future.

Judgements

In the process of applying the Group's accounting policies, management has made the following judgements, apart from those involving estimations, which have the most significant effect on the amounts recognised in the financial statements:

Classification between Finance Leasing and operating leasing

Leases are required to be classified as either finance leases (which transfer substantially all the risks and rewards of ownership, and give rise to asset and liability recognition by the lessee and a receivable by the lessor) and operating leases (which result in expense recognition by the lessee, with the asset remaining recognised by the lessor).

The determination of whether the Group has transferred substantially all the risks and rewards incidental to ownership depends on an assessment of the relevant arrangements relating to the lease and this has involved critical judgements by management.

Estimation uncertainty

The key assumptions concerning the future and other key sources of estimation uncertainty at the end of the reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below.

Impairment of non-financial assets (other than goodwill)

The Group assesses whether there are any indicators of impairment for all non-financial assets at the end of each reporting period. Non-financial assets are tested for impairment when there are indicators that the carrying amounts may not be recoverable. An impairment exists when the carrying value of an asset or a cash-generating unit exceeds its recoverable amount, which is the higher of its fair value less costs to sell and its value in use. The calculation of the fair value less costs to sell is based on available data from binding sales transactions in an arm's length transaction of similar assets or observable market prices less incremental costs for disposing of the asset. When value in use calculations are undertaken, management must estimate the expected future cash flows from the asset or cash-generating unit and choose a suitable discount rate in order to calculate the present value of those cash flows.

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES (CONTINUED)

Estimation uncertainty (continued)

Deferred tax assets

Deferred tax assets are recognised for unused tax losses to the extent that it is probable that taxable profit will be available against which the losses can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and level of future taxable profits together with future tax planning strategies.

Provision for bad and doubtful receivables

Provision for bad and doubtful receivables is made based on the assessment of the recoverability of loans and receivables. The identification of doubtful receivables requires management's judgement and estimation. The management measures and monitors the asset quality of the lease receivables portfolio by classifying the lease receivables using the 5-category classification system by referring to guidelines promulgated by the China Banking Regulatory Commission relating to asset quality for financial institutions under its regulation. And thereon, for the first two categories i.e., Pass and Special Mention, the lease receivables are regarded as performing assets as no objective evidence of impairment exists individually and they are collectively assessed for impairment; while lease receivables in the remaining 3 categories i.e., Substandard, Doubtful and Loss, are regarded as non-performing assets and are measured for impairment individually since objective evidence of impairment exists individually for such lease receivables. Where the actual outcome or expectation in future is different from the original estimate, these differences will have an impact on the carrying amounts of the receivables and doubtful debt expenses/write-back of in the period in which such estimate is changed.

Fair value of financial instruments

For financial instruments where there is no active market, the fair value is determined using appropriate valuation techniques. Such techniques include using recent arm's length market transactions; reference to the current market value of another instrument which is substantially the same; a discounted cash flow analysis; and option pricing models or other valuation models.

Valuation techniques make use of observable market information to the greatest extent, however, when the observable market information cannot be obtained, management will have to make assumptions on the credit risk, market volatility and correlations of the Group and the counterparties, and any changes in these underlying assumptions will affect the fair value of financial instruments.

4. 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 in Mainland China. For management purposes, the aforesaid businesses are integral and the Group has not organised 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 are located in Mainland China, except for financial instruments and deferred tax assets.

Information about a major customer

There was no single customer which constituted 10% or more of the total revenue of the Group during the year.

5. REVENUE, OTHER INCOME AND GAINS

Revenue represents the net invoiced value of goods sold, net of value added tax, after allowances for returns and trade discounts; and the value of services rendered and gross leasing income received, net of business tax or value added tax, during the year.

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

	2015 RMB'000	2014 RMB'000
Revenue		
Finance lease income	**1,475,796**	1,043,888
Service fee income	**703,058**	487,689
Operating lease income	**17,983**	17,076
Sale of goods	**12,338**	18,425
Others	**2,960**	438
Business tax and surcharges	**(18,737)**	(14,834)
	2,193,398	1,552,682
Other income and gains		
Interest income	**7,877**	2,482
Foreign exchange gains	**44,614**	–
Derivative financial instruments transaction not qualifying as a hedge:		
– Unrealised fair value gains, net	**1,804**	4,079
Government grants (note 5a)	**400**	4,756
Interest income from available-for-sale investments	**894**	–
Others	**3,162**	4,102
	58,751	15,419

5a. Government Grants

	2015 RMB'000	2014 RMB'000
Value Added Tax ("VAT") refund	**–**	4,516
Others	**400**	240
	400	4,756

6. PROFIT BEFORE TAX

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

	Note	**2015**	2014
		RMB'000	RMB'000
Cost of borrowings included in cost of sales		**864,165**	596,954
Cost of inventories sold		**6,284**	8,311
Cost of operating lease		**14,297**	14,226
Cost of others		**105**	103
Depreciation		**986**	924
Rental expenses		**18,905**	14,802
Auditors' remuneration		**2,300**	1,252
Listing expense		**31,559**	–
Employee benefit expense (including directors' remuneration (note 7))			
– Wages and salaries		**192,501**	124,470
– Equity-settled share-based compensation expense	26	**19,211**	4,742
– Pension scheme contributions		**19,573**	6,154
– Other employee benefits		**20,578**	15,990
		251,863	151,356
Impairment of loans and accounts receivable	16c	**69,050**	85,854
Foreign exchange (gain)/loss		**(44,614)**	13,129
Derivative financial instruments – transactions not qualifying as hedges:			
– Unrealised fair value gains, net		**(1,804)**	(4,079)
– Realised fair value losses, net		**3,921**	7,110

7. DIRECTORS' AND CHIEF EXECUTIVE'S REMUNERATION

Directors' and chief executive's remuneration for the year, disclosed pursuant to the Listing Rules, section 383(1)(a), (b), (c) and (f) of the Hong Kong Companies Ordinance and Part 2 of the Companies (Disclosure of Information about Benefits of Directors) Regulation, is as follows:

	Group	
	2015	2014
	RMB'000	RMB'000
Fees	**348**	–
Other emoluments:		
Salaries, allowances and benefits in kind	**2,400**	1,338
Performance related bonuses*	**3,600**	1,165
Pension scheme contributions	**540**	43
	6,540	2,546
	6,888	2,546

* Certain executive directors of the Company are entitled to bonus payments which are determined based on the business performance of the Group.

During the year ended 31 December 2014, certain executive directors were granted restricted shares ("Restricted Shares") by the shareholders CITIC Capital Leasing Ltd. ("CITIC Capital") and Jublon Capital Limited ("Jublon") of the Company, in respect of their services to the Group, further details of which are set out in note 26 to this financial statements. The compensation expense for the Restricted Shares granted, which is equal to the difference between the fair value of the shares at the grant date and considerations paid by the executive directors, should be recognised in the statement of profit or loss over the vesting period. The amount of compensation expense included in the financial statements for the year was RMB11,526,000 (2014: RMB2,220,000).

7. DIRECTORS' AND CHIEF EXECUTIVE'S REMUNERATION (CONTINUED)

(a) Independent non-executive directors

The fees paid to independent non-executive directors during the year were as follows:

	2015 RMB'000	2014 RMB'000
Mr. Lim Yean Leng (i)	**87**	–
Mr. Li Yinquan (ii)	**87**	–
Mr. Chow Siu Lui (ii)	**87**	–
Mr. Kong Wei (ii)	**87**	–
	348	–

Notes:

(i) Appointed on 9 June 2015 and resigned on 29 February 2016

(ii) Appointed on 9 June 2015

There were no other emoluments payable to the independent non-executive directors during the year (2014: Nil).

(b) Executive directors, non-executive directors and the chief executive

	Fees RMB'000	Salaries, allowances and benefits in kind RMB'000	Performance related bonuses RMB'000	Pension scheme contributions RMB'000	Total RMB'000
2015					
Executive directors:					
Mr. Guo Weiping (i)	–	1,300	1,860	312	3,472
Ms. Peng Jiahong (ii)	–	1,100	1,740	228	3,068
Non-executive directors:					
Mr. Zhang Yichen	–	–	–	–	–
Mr. Jiang Xin	–	–	–	–	–
Mr. Liu Dongsheng (iii)	–	–	–	–	–
Mr. Liu Xiaoping	–	–	–	–	–
Mr. Liu Zhiyong	–	–	–	–	–
Mr. Su Guang	–	–	–	–	–
Mr. Chen Weisong (iv)	–	–	–	–	–
	–	2,400	3,600	540	6,540

7. DIRECTORS' AND CHIEF EXECUTIVE'S REMUNERATION (CONTINUED)

(b) Executive directors, non-executive directors and the chief executive (continued)

	Fees RMB'000	Salaries, allowances and benefits in kind RMB'000	Performance related bonuses RMB'000	Pension scheme contributions RMB'000	Total RMB'000
2014					
Executive directors:					
Mr. Guo Weiping (i)	–	1,250	1,100	40	2,390
Ms. Peng Jiahong (ii)	–	88	65	3	156
Non-executive directors:					
Mr. Zhang Yichen	–	–	–	–	–
Mr. Jiang Xin	–	–	–	–	–
Mr. Liu Dongsheng (iii)	–	–	–	–	–
Mr. Liu Xiaoping	–	–	–	–	–
Mr. Liu Zhiyong	–	–	–	–	–
Mr. Su Guang	–	–	–	–	–
	–	1,338	1,165	43	2,546

Notes:

(i) Chief executive

(ii) Appointed on 22 December 2014

(iii) Resigned on 6 March 2015

(iv) Appointed on 6 March 2015

There was no arrangement under which a director or the chief executive waived or agreed to waive any remuneration during the year (2014: Nil).

8. FIVE HIGHEST PAID EMPLOYEES

The five highest paid employees during the year included two directors and the chief executive (2014: two directors and the chief executive), details of whose remuneration are set out in note 7 above. Details of the remuneration for the year of the remaining three (2014: three) highest paid employees who are neither a director nor chief executive of the Company are as follows:

	2015 RMB'000	2014 RMB'000
Salaries, allowances and benefits in kind	**2,460**	1,853
Performance related bonuses	**16,107**	5,829
Pension scheme contributions	**731**	98
	19,298	7,780

The number of non-director and non-chief executive highest paid employees whose remuneration fell within the following bands is as follows:

	Number of employees	
	2015	2014
HK$2,500,001 to HK$3,000,000	**–**	1
HK$3,500,001 to HK$4,000,000	**–**	1
HK$4,000,001 to HK$4,500,000	**1**	1
HK$5,000,001 to HK$5,500,000	**1**	–
HK$15,500,001 to HK$16,000,000	**1**	–
	3	3

During the year ended 31 December 2014, certain Restricted Shares were granted to two (2014: two) non-director and non-chief executive highest paid employees in respect of their services to the Group, further details of which are included in the disclosures in note 26 to the financial statements. The compensation expense for the Restricted Shares granted, which is equal to the difference between the fair value of the shares at the grant date and the consideration paid by these employees of the shares, should be recognised in the statement of profit or loss over the vesting period. The amount of compensation expense included in the financial statements for the year was RMB1,921,000 (2014: RMB476,000)

9. INCOME TAX EXPENSE

	2015 **RMB'000**	2014 RMB'000
Current – Hong Kong		
Underprovision in prior years	**859**	193
Current – Mainland China		
Charge for the year	**240,293**	160,779
(Overprovision)/Underprovision in prior years	**(124)**	13
Deferred tax (note 22)	**720**	(6,541)
Total tax charge for the year	**241,748**	154,444

Hong Kong profits tax has been provided at the rate of 16.5% on the estimated assessable profits arising in Hong Kong for the year (2014: 16.5%).

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% on the estimated assessable profits for the year, 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.

9. 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 Company and the majority of its subsidiaries are domiciled to the tax charge at the effective tax rate is as follows:

	2015 RMB'000	2014 RMB'000
Profit before tax	**900,274**	611,082
At PRC statutory income tax rate of 25%	**225,068**	152,771
Lower tax rate enacted by local authority	**545**	(79)
Expenses not deductible for tax purpose	**11,427**	900
Income not subject to tax	**(8,930)**	(1)
Adjustment on current income tax in respect of prior years	**735**	13
Utilisation of previously unrecognised tax losses	**–**	(77)
Unrecognised tax losses	**1,903**	–
Effect of withholding tax on the distributable profits of the Group's PRC subsidiaries	**11,000**	917
Income tax expense as reported in the consolidated statement of profit or loss	**241,748**	154,444

10. DIVIDENDS

	2015 RMB'000	2014 RMB'000
Dividends before listing	**–**	8,264
Proposed final dividend – HK$0.13 per ordinary shares	**186,925**	–

The proposed final dividend for the year is subject to the approval of the Company's Shareholders at the forthcoming annual general meeting.

11. EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT

Basic earnings per share for the years ended 31 December 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, which have been adjusted retrospectively for the share split on 11 June 2015 as described in note 24(a) to the financial statements.

	2015 **RMB'000**	2014 RMB'000
Profit attributable to ordinary equity holders of the parent	**658,526**	456,638

	2015	2014
Weighted average number of ordinary shares in issue	**1,484,397,155**	900,467,450

	2015 **RMB**	2014 RMB
Basic and diluted earnings per share	**0.44**	0.51

The Company did not have any dilutive potential ordinary shares outstanding during the year and in prior year. Diluted earnings per share were equal to the basic earnings per share for both years.

12. PROPERTY, PLANT AND EQUIPMENT

31 December 2015

	Transportation equipment RMB'000	Office equipment RMB'000	Electronic equipment RMB'000	Medical equipment RMB'000	Leasehold improvements RMB'000	Others RMB'000	Total RMB'000
At 1 January 2015:							
Cost	2,641	605	4,209	132,602	–	588	140,645
Accumulated depreciation	(1,007)	(457)	(2,714)	(46,121)	–	(290)	(50,589)
Net carrying amount	1,634	148	1,495	86,481	–	298	90,056
At 1 January 2015, net of accumulated depreciation	1,634	148	1,495	86,481	–	298	90,056
Additions	220	1,367	1,337	1,000	9,713	1,176	14,813
Depreciation provided during the year	(328)	(78)	(483)	(14,297)	–	(97)	(15,283)
At 31 December 2015, net of accumulated depreciation	1,526	1,437	2,349	73,184	9,713	1,377	89,586
At 31 December 2015:							
Cost	2,861	1,972	5,546	133,602	9,713	1,764	155,458
Accumulated depreciation	(1,335)	(535)	(3,197)	(60,418)	–	(387)	(65,872)
Net carrying amount	1,526	1,437	2,349	73,184	9,713	1,377	89,586

12. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

31 December 2014

	Transportation equipment RMB'000	Office equipment RMB'000	Electronic equipment RMB'000	Medical equipment RMB'000	Others RMB'000	Total RMB'000
At 1 January 2014:						
Cost	2,468	526	3,794	132,602	514	139,904
Accumulated depreciation	(695)	(391)	(2,262)	(31,873)	(218)	(35,439)
Net carrying amount	1,773	135	1,532	100,729	296	104,465
At 1 January 2014, net of accumulated depreciation	1,773	135	1,532	100,729	296	104,465
Additions	173	79	415	–	74	741
Depreciation provided during the year	(312)	(66)	(452)	(14,248)	(72)	(15,150)
At 31 December 2014, net of accumulated depreciation	1,634	148	1,495	86,481	298	90,056
At 31 December 2014:						
Cost	2,641	605	4,209	132,602	588	140,645
Accumulated depreciation	(1,007)	(457)	(2,714)	(46,121)	(290)	(50,589)
Net carrying amount	1,634	148	1,495	86,481	298	90,056

13. AVAILABLE-FOR-SALE INVESTMENTS

	2015 RMB'000	2014 RMB'000
Asset-backed securities	**64,916**	20,955

As at 31 December 2015, the Group invested in asset-backed securities which were issued by special purpose trusts. Details of the asset-backed securities are disclosed in note 33 to the financial statements.

14. DERIVATIVE FINANCIAL ASSETS/(LIABILITIES)

	2015 RMB'000	2014 RMB'000
Interest rate swaps	**28**	(1,780)

As at 31 December 2015, the Group's borrowings with floating interest rates determined with reference to London InterBank Offered Rate ("LIBOR") and measured at amortised cost amounted to US$36,000,000 (2014: US$165,669,000). To manage the interest rate exposure arising from these borrowings, the Company accordingly entered into interest rate swap contracts with certain banks in Hong Kong/Mainland China. As at 31 December 2015, the total nominal amount of interest rate swap contracts was US$36,000,000 (2014: US$165,669,000). Changes in the fair value of the financial derivatives amounting to a gain of RMB1,804,000 (2014: a gain of RMB4,079,000) was credited to the statement of profit or loss during the year ended 31 December 2015.

15. INVENTORIES

	2015 RMB'000	2014 RMB'000
Medical equipment	**2,643**	3,119

16. LOANS AND ACCOUNTS RECEIVABLE

	2015 RMB'000	2014 RMB'000
Loans and accounts receivable due within 1 year	**5,919,463**	4,167,986
Loans and accounts receivable due after 1 year	**15,397,495**	11,471,343
	21,316,958	15,639,329

16a. Loans and accounts receivable by nature

	2015 RMB'000	2014 RMB'000
Gross lease receivables (note 16b)*	**25,812,062**	19,203,593
Less: Unearned finance income	**(4,211,410)**	(3,353,454)
Net lease receivables (note 16b)*	**21,600,652**	15,850,139
Accounts receivable (note 16d)*	**4,826**	8,660
Subtotal of loans and accounts receivable	**21,605,478**	15,858,799
Less:		
Provision for lease receivables (note 16c)	**(288,520)**	(219,470)
	21,316,958	15,639,329

* These balances included balances with related parties which are disclosed in note 16e to the financial statements

16. LOANS AND ACCOUNTS RECEIVABLE (CONTINUED)

16b(1). An aging analysis of lease receivables, determined based on the age of the receivables since the effective dates of the relevant lease contracts, as at the end of the reporting period is as follows:

	2015 **RMB'000**	2014 RMB'000
Gross lease receivables		
Within 1 year	**12,979,870**	10,410,866
1 to 2 years	**7,477,834**	6,024,876
2 to 3 years	**3,968,858**	2,017,364
3 years and beyond	**1,385,500**	750,487
	25,812,062	19,203,593

	2015 **RMB'000**	2014 RMB'000
Net lease receivables		
Within 1 year	**10,491,029**	8,325,909
1 to 2 years	**6,321,105**	5,072,871
2 to 3 years	**3,533,236**	1,784,898
3 years and beyond	**1,255,282**	666,461
	21,600,652	15,850,139

16. LOANS AND ACCOUNTS RECEIVABLE (CONTINUED)

16b(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:

	2015 RMB'000	2014 RMB'000
Gross lease receivables:		
Due within 1 year	**7,641,809**	5,550,908
Due in 1 to 2 years	**6,553,370**	4,926,903
Due in 2 to 3 years	**5,179,680**	4,128,943
Due after 3 years and beyond	**6,437,203**	4,596,839
	25,812,062	19,203,593

	2015 RMB'000	2014 RMB'000
Net lease receivables:		
Due within 1 year	**6,036,410**	4,243,709
Due in 1 to 2 years	**5,301,893**	3,920,617
Due in 2 to 3 years	**4,395,572**	3,495,340
Due after 3 years and beyond	**5,866,777**	4,190,473
	21,600,652	15,850,139

16c. Change in Provision for Lease Receivables

	Individually assessed		Collectively assessed		Total	
	2015 RMB'000	2014 RMB'000	2015 RMB'000	2014 RMB'000	2015 RMB'000	2014 RMB'000
At beginning of year	**57,199**	44,251	**162,271**	89,365	**219,470**	133,616
Charge for the year	**7,184**	12,948	**61,866**	72,906	**69,050**	85,854
At end of year	**64,383**	57,199	**224,137**	162,271	**288,520**	219,470

As at 31 December 2015, the amount of the gross lease receivables pledged as security for the Group's borrowings was RMB7,530,865,000 (2014: RMB6,321,196,000) (see note 21).

16. LOANS AND ACCOUNTS RECEIVABLE (CONTINUED)

16d. An aging analysis of accounts receivable, determined based on the age of the receivables since the recognition date of the accounts receivable, as at the end of the year is as follows:

	2015 RMB'000	2014 RMB'000
Within 1 year	**21**	8,660
More than 1 year	**4,805**	–
	4,826	8,660

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

16e. Balances with Related Parties

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

Gross lease receivables:

Name	31 December 2015 RMB'000	31 December 2014 RMB'000
Harbin Measuring & Cutting Tool Group Co., Ltd.	**13,249**	27,287
Changsha Haliang Kaishuai Precision Machinery Co., Ltd.	**5,096**	10,495

Net lease receivables:

Name		31 December 2015 RMB'000	31 December 2014 RMB'000
Harbin Measuring & Cutting Tool Group Co., Ltd.	(i)	**12,979**	25,805
Changsha Haliang Kaishuai Precision Machinery Co., Ltd.	(i)	**4,992**	9,925

16. LOANS AND ACCOUNTS RECEIVABLE (CONTINUED)

16e. Balances with Related Parties (continued)

Accounts receivable:

Name		2015 RMB'000	2014 RMB'000
China National Instruments Import & Export (Group) Corporation	(ii)	**1,805**	1,805

The above related parties are subsidiaries of China General Technology (Group) Holding Company Limited ("Genertec Group") which is a major shareholder of the Company.

(i) Balances of net lease receivables bore interest at annual interest rates ranging from 4.75% to 6.01% (2014: 6.01%);

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

17. PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

	Note	2015 RMB'000	2014 RMB'000
Current:			
Prepayments		**978**	181
Other receivables		**26,948**	32,640
Lease deposit receivable due within one year		**5,386**	–
Due from a related party	17a	**2,356**	1,912
		35,668	34,733
Non-current:			
Prepayments for non-current assets		**95,713**	3,950
Lease deposit receivable		**11,217**	16,604
		106,930	20,554
		142,598	55,287

17. PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES (CONTINUED)

17a. Balances with a Related Parties

Particulars of amounts due from related parties are as follow:

	2015 **RMB'000**	2014 RMB'000
Due from related parties:		
Genertec Finance Co., Ltd.	**142**	85
China National Instruments Import & Export (Group) Corporation	**38**	–
General Technology Group Property Management Ltd.	**915**	755
Genertec Italia s.r.l.	**1,123**	942
Paryocean Properties Co., Ltd.	**138**	130
	2,356	1,912

The above related parties are subsidiaries of Genertec Group.

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

18. CASH AND CASH EQUIVALENTS AND RESTRICTED DEPOSITS

	2015 **RMB'000**	2014 RMB'000
Cash and bank balances	**1,994,723**	529,496
Time deposits	**24,652**	24,577
	2,019,375	554,073
Less:		
Restricted deposits	**(153,705)**	(100,504)
Cash and cash equivalents	**1,865,670**	453,569

At the end of the reporting period, the cash and bank balances of the Group denominated in RMB amounted to RMB698,098,000 (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 31 December 2015, cash of RMB105,631,000 (2014: RMB100,504,000) was pledged or charged for bank borrowings (see note 21).

As at 31 December 2015, cash of RMB48,074,000 (2014: Nil) was not available for use by the Group in accordance with the arrangements entered by the Group and the special purpose trusts in the securitisation transactions described in note 33. The cash collected by the Group from the associated finance lease contracts of the securitisations have to be passed on to the investors of the asset-backed securities without material delay.

As at 31 December 2015, cash of RMB378,797,000 (2014: RMB223,174,000) was deposited with Genertec Finance Co., Ltd., a related party.

19. TRADE AND BILLS PAYABLES

	2015 RMB'000	2014 RMB'000
Trade payables	**94,735**	847,983
Due to related parties (note 19b)	**38**	108,439
	94,773	956,422

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

19a. An aging analysis of the trade and bill payables as at the end of the reporting period, based on the invoice date, is as follows:

	2015 RMB'000	2014 RMB'000
Within 1 year	**81,759**	900,577
1 to 2 years	**161**	6,005
2 to 3 years	**5,555**	4,163
Over 3 years	**7,298**	45,677
	94,773	956,422

19b. Balances with Related Parties

Particulars of amounts due to related parties are as follow:

	2015 RMB'000	2014 RMB'000
Bills payable:		
Genertec Finance Co., Ltd.	**–**	100,000
Trade payables:		
China Medical Equipment Technology Service Co., Ltd.	**–**	7,680
Genertec Italia s.r.l.	**38**	759
	38	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.

20. OTHER PAYABLES AND ACCRUALS

	Note	**2015 RMB'000**	2014 RMB'000
Current:			
Lease deposits due within 1 year		**72,053**	63,019
Accrued salary		**77,528**	52,075
Welfare payables		**3,690**	2,122
Advances from customers		**5,089**	1,569
Due to related parties	20a	**1,271**	22,506
Other taxes payable		**52,055**	5,629
Interest payable		**87,068**	61,067
Other payables		**57,985**	117,708
		356,739	325,695
Non-current:			
Lease deposits due after 1 year		**1,633,849**	1,182,143
Accrued salary		**102,833**	50,425
		1,736,682	1,232,568
		2,093,421	1,558,263

20a. Balances with Related Parties

Details of amounts due to related parties are as follow:

	2015 RMB'000	2014 RMB'000
Genertec Hong Kong International Capital Limited	**2**	21,650
Genertec Finance Co., Ltd.	**1,269**	856
	1,271	22,506

The above related parties are subsidiaries of Genertec Group.

The balance 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.

21. INTEREST-BEARING BANK AND OTHER BORROWINGS

	2015			2014		
	Effective interest rate (%)	**Maturity**	**RMB'000**	Effective interest rate (%)	Maturity	RMB'000
Current						
Bank loans – unsecured	**1.84~5.74**	**2016**	**3,079,092**	5.60~6.18	2015	450,000
Current portion of long-term bank loans						
– secured	**4.75~6.60**	**2016**	**862,102**	2.55~7.36	2015	1,507,052
– unsecured	**3.60~6.30**	**2016**	**1,844,936**	3.94~6.30	2015	543,948
Current portion of long-term other loans						
– secured	**5.25**	**2016**	**9,216**	6.30~7.66	2015	203,707
– unsecured	**–**	**–**	**–**	7.30	2015	100,000
Finance lease payables						
– secured	**4.75~5.56**	**2016**	**303,040**	6.00~7.02	2015	288,836
Bonds payables						
– secured	**4.8**	**2016**	**138,180**	–	–	–
– unsecured	**3.80~3.85**	**2016**	**898,008**	–	–	–
Due to related parties						
– unsecured	**4.35**	**2016**	**500,000**	3.15~5.60	2015	1,024,644
			7,634,574			4,118,187
Non-current						
Bank loans						
– secured	**4.75~6.60**	**2017~2020**	**1,527,020**	2.55~7.36	2016~2019	1,942,404
– unsecured	**3.08~6.30**	**2017~2018**	**2,229,423**	3.94~6.58	2016~2017	3,040,025
Other loans						
– secured	**4.80~5.25**	**2017**	**601,400**	6.30	2016~2017	10,617
– unsecured	**–**	**–**	**–**	7.30	2016	200,000
Bonds payables						
– secured	**5.20~6.43**	**2017~2020**	**2,363,729**	6.08	2017	1,591,521
– unsecured	**4.69**	**2018**	**897,570**	–	–	–
Finance lease payables						
– secured	**4.75~5.56**	**2016~2018**	**204,638**	6.00~7.02	2016~2017	505,498
			7,823,780			7,290,065
			15,458,354			11,408,252

21. INTEREST-BEARING BANK AND OTHER BORROWINGS (CONTINUED)

	2015 RMB'000	2014 RMB'000
Analysed into:		
Bank loans repayable:		
Within one year	**5,786,130**	2,501,000
In the second year	**2,150,286**	2,551,134
In the third to fifth years, inclusive	**1,606,157**	2,431,295
	9,542,573	7,483,429
Analysed into:		
Other borrowings repayable:		
Within one year	**1,848,444**	1,617,187
In the second year	**2,405,338**	511,632
In the third to fifth years, inclusive	**1,661,999**	1,796,004
	5,915,781	3,924,823
	15,458,354	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 at a fixed coupon rate of 5.70% in Hong Kong (the "Bonds"). The Bonds was listed on the Hong Kong Stock Exchange and due for repayment 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 31 December 2015, the amortised cost of the Bonds amounted to RMB1,592,922,000 (2014: RMB1,591,521,000).

(b) In May 2015, the Company's wholly-owned subsidiary China Universal Leasing Co., Ltd. ("CULC") issued a batch of leasing assets backed securities with aggregate principal amount of RMB1,141,858,000 to institutional investors through an asset management plan. The asset-backed securities has four senior tranches and one subordinated tranche. The Group received proceeds of RMB912,000,000 from the senior tranches which have expected annualised 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 proceed was received. As at 31 December 2015, the amortised cost of the debt securities issued amounted to RMB908,987,000 (2014: Nil).

(c) As at 31 December 2015, the Group's bank and other borrowings secured by lease receivables were RMB6,009,325,000 (2014: RMB4,500,924,000); the Group's gross lease receivables pledged or charged as security for the Group's bank and other borrowings were RMB7,530,865,000 (2014: RMB6,321,196,000).

(d) As at 31 December 2015, the Group's bank and other borrowings secured by cash and bank balances and time deposits amounted to RMB3,384,910,000 (2014: RMB3,565,648,000).

(e) As at 31 December 2015, there was no bank and other borrowings of the Group guaranteed by Genertec Group (2014: RMB1,396,613,000).

(f) As at 31 December 2015, the balance due to a related party was due to Genertec Finance Co., Ltd. (2014: Genertec Finance Co., Ltd. and Genertec Hong Kong International Capital Limited).

22. DEFERRED TAX

The movements in deferred tax liabilities and assets during the year are as follows:

Deferred tax assets

	Allowances for impairment losses RMB'000	Salary and welfare payable RMB'000	Fair value loss on derivative financial instruments RMB'000	Accrued expenses RMB'000	Total RMB'000
Gross deferred tax assets at 1 January 2015	14,697	24,597	445	250	39,989
Charged/(credit) to the statement of profit or loss during the year	3,982	1,178	(445)	175	4,890
Gross deferred tax assets at 31 December 2015	18,679	25,775	–	425	44,879
Gross deferred tax assets at 1 January 2014	8,711	15,749	1,452	–	25,912
Charged/(credit) to the statement of profit or loss during the year	5,986	8,848	(1,007)	250	14,077
Gross deferred tax assets at 31 December 2014	14,697	24,597	445	250	39,989

22. DEFERRED TAX (CONTINUED)

Deferred tax liabilities

	Lease deposits RMB'000	Fair value gain on derivative financial instruments RMB'000	Total RMB'000
Gross deferred tax liabilities at 1 January 2015	**17,492**	**–**	**17,492**
Charged to the statement of profit or loss during the year	**5,603**	**7**	**5,610**
Gross deferred tax liabilities at 31 December 2015	**23,095**	**7**	**23,102**
Gross deferred tax liabilities at 1 January 2014	9,956	–	9,956
Charged to the statement of profit or loss during the year	7,536	–	7,536
Gross deferred tax liabilities at 31 December 2014	17,492	–	17,492

For the purpose of the presentation of the consolidated statement of financial position, deferred tax assets and liabilities have been offset as the deferred taxes relate to the same taxable entity an the same taxation authority, and presented as follow:

	2015 RMB'000	2014 RMB'000
Net deferred tax assets recognised in the consolidated statement of financial position	**21,777**	22,497

The Group has tax loss arising in Hong Kong of RMB11,528,000 (2014: Nil) that are available indefinitely for offsetting against future taxable profits of the companies in which the losses arose. Deferred tax assets have not been recognised in respect of these losses due to uncertainty in their recoverability.

Pursuant to the PRC Corporate Income Tax Law, a 10% withholding tax is levied on dividends declared to foreign investors from the foreign investment enterprises established in Mainland China. The requirement is effective from 1 January 2008 and applies to earnings after 31 December 2007. A lower withholding tax rate may be applied if there is a tax treaty between Mainland China and the jurisdiction of the foreign investors. The Group is therefore liable for withholding taxes on dividends distributed by those subsidiaries established in Mainland China in respect of earnings generated from 1 January 2008.

22. DEFERRED TAX (CONTINUED)

At 31 December 2015, no deferred tax has been recognised for withholding taxes that would be payable on the unremitted earnings that are subject to withholding taxes of the Group's subsidiaries established in Mainland China. In the opinion of the directors, the funds will be retained to expand the operation in Mainland China and it is not probable that these subsidiaries will distribute such earnings in the foreseeable future. The aggregate amount of temporary differences associated with investments in subsidiaries in Mainland China for which deferred tax liabilities have not been recognised totalled approximately RMB1,286,072,000 (2014: RMB915,031,000).

23. FINANCE LEASE PAYABLES

The Group, as a lessee, engaged in sale and leaseback transactions with certain finance leasing companies for financing purposes. These leases are classified as finance lease and have remaining lease terms ranging from three to five years. The equipment selected for the sale and leaseback transactions had been under finance lease pursuant to the finance lease contracts in which the Group was a lessor.

As at 31 December 2015, the total future minimum lease payments under finance leases and their present values were as follows:

	2015		2014	
	Minimum lease payment RMB'000	**Present value of minimum lease payments RMB'000**	Minimum lease payment RMB'000	Present value of minimum lease payments RMB'000
Amount payable:				
Within one year	**325,341**	**305,733**	331,396	288,836
In the second year	**208,095**	**201,945**	328,800	302,414
In the third to fifth years, inclusive	**–**	**–**	210,137	203,084
Total minimum finance lease payments	**533,436**	**507,678**	870,333	794,334
Future finance charges	**(25,758)**		(75,999)	
Total net finance lease payables	**507,678**		794,334	
Portion classified as current liabilities (note 21)	**(303,040)**		(288,836)	
Non-current portion (note 21)	**204,638**		505,498	

24. SHARE CAPITAL

	2015	2014
	RMB'000	RMB'000
Issued and fully paid:		
1,716,304,580 (2014: 253,913,216) ordinary shares	**4,327,842**	1,579,905

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

	Number of shares in issue	Share capital
		RMB'000
At 1 January 2014	122,599,216	775,291
Issue of shares	131,314,000	804,614
As at 31 December 2014	253,913,216	1,579,905
Share split (note(a))	1,015,652,864	–
Effect of change in functional currency (note 2.3)	–	(27,581)
Issue of shares (note(b))	446,738,500	2,882,725
	1,716,304,580	4,435,049
Share issue expenses	–	(107,207)
As at 31 December 2015	1,716,304,580	4,327,842

Notes:

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

(b) 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$3,461,690,000 (equivalent to RMB2,730,720,000). On the same date, the Company's shares were listed on The Stock Exchange.

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$192,631,000 (equivalent to RMB152,005,000).

25. RESERVES

The amounts of the Group's reserves and the movements therein for the current and prior years are presented in the consolidated statement of changes in equity.

Capital reserve

The capital reserve represents share-based compensation reserve comprised the fair value of the shares awarded under the share transfer to the management of the Group (see note 26) recognised in accordance with the accounting policy adopted for equity compensation benefits.

Statutory reserve

Pursuant to the relevant laws and regulations and the article 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 such 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.

26. SHARE-BASED PAYMENTS

On 10 October 2014, arrangements were entered into for CITIC Capital and 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, for a consideration of US$1.14 per share. The consideration was below the fair value of the shares, which is 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 remaining 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 RMB33,302,388, 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 RMB19,211,000 for the year ended 31 December 2015 (2014: RMB4,742,000) in respect of such share-based payments.

27. PLEDGE OF ASSETS

Details of the Group's bank loans, which are secured by the assets of the Group, are included in notes 16, 18 and 21 to the financial statements.

28. NOTES TO THE CONSOLIDATED STATEMENT OF CASH FLOWS

(a) Major non-cash transactions

During the year, the Group did not have any significant non-cash investing and financing transactions.

During the year ended 31 December 2014, the Group entered into an asset-backed securitisation arrangement with a structured entity. Under the arrangement, asset-backed securities accounted for as available-for-sale investments totalling RMB20,955,000 were subscribed by the Group through the transfer of lease receivables.

29. CONTINGENT LIABILITIES

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

	2015 **RMB'000**	2014 RMB'000
Legal proceedings		
Claimed amounts	**1,278**	1,278

30. OPERATING LEASE ARRANGEMENTS

(a) As lessor

The Group leased its medical equipment (note 12 to financial statements) under operating lease arrangements, with lease 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 medical equipment.

(b) As lessee

The Group leases certain properties as its office premises under operating lease arrangements. Lease terms for properties ranged from one to three years.

As at 31 December 2015, the Group had total future minimum lease payments under non-cancellable operating leases falling due as follows:

	2015 **RMB'000**	2014 RMB'000
Within one year	**20,240**	14,207
In the second to fifth years, inclusive	**19,961**	173
	40,201	14,380

31. COMMITMENTS

In addition to the operating lease commitments detailed in note 30 above, the Group had the following capital commitments and credit commitments at the end of the reporting period:

(a) Capital commitments

	2015	2014
	RMB'000	RMB'000
Contracted, but not provided for	**5,628**	11,499

(b) Credit commitments

	2015	2014
	RMB'000	RMB'000
Credit commitments	**804,604**	637,481

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

32. RELATED PARTY TRANSACTIONS

In addition to the transactions and balances in notes 16, 17, 18, 19, 20 and 21 to the financial statements, the Group had the following material transactions with related parties during the year.

(a) Transactions 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 a major shareholder of the Company.

The companies under Genertec Group which had transactions with the Group during the year are subsidiaries of Genertec Group.

32. RELATED PARTY TRANSACTIONS (CONTINUED)

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

(i) Sale of goods to a related party:

	2015 RMB'000	2014 RMB'000
China National Instruments Import & Export (Group) Corporation	**2,427**	10,812

The sale to the related party is made on terms mutually agreed between the Group and the party.

(ii) Interest income from cash in bank:

	2015 RMB'000	2014 RMB'000
Genertec Finance Co., Ltd.	**4,076**	675

The interest income was charged at rate 1.15% per annum.

(iii) Purchases of products and leased assets from related parties:

	2015 RMB'000	2014 RMB'000
China National Instruments Import & Export (Group) Corporation	**–**	7,680
Genertec Italia s.r.l.	**906**	4,798

The purchases from related parties are made on terms mutually agreed between the Group and the respective parties.

32. RELATED PARTY TRANSACTIONS (CONTINUED)

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

(iv) Rental expenses:

	2015 RMB'000	2014 RMB'000
China General Technology (Group) Holding., Limited	**3,685**	3,504
General Technology Group Property Management Ltd.	**10,945**	9,429
Paryocean Properties Co., Ltd.	**486**	347

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

(v) Interest expense on borrowings:

	2015 RMB'000	2014 RMB'000
Genertec Hong Kong International Capital Limited	**12,935**	65,988
Genertec Finance Co., Ltd.	**10,509**	7,490

The interest expenses were charged at rates ranging from 3.17% to 5.70% per annum.

32. RELATED PARTY TRANSACTIONS (CONTINUED)

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

(vi) Consulting service fees:

	2015 RMB'000	2014 RMB'000
China National Instruments Import & Export (Group) Corporation	**377**	–
Genertec Italia s.r.l.	**–**	17
China General Consulting & Investment Co., Ltd.	**113**	120
Euromapex Import & Export GMBH	**305**	–
Genertec (Beijing) Investment Fund Management Co., Ltd.	**1,887**	–

The consulting service expenses were charged based on prices mutually agreed between the parties.

(vii) Transportation expense:

	2015 RMB'000	2014 RMB'000
Genertec International Logistics Co., Ltd.	**131**	–

The transportation expense was charged based on prices mutually agreed between the parties.

32. RELATED PARTY TRANSACTIONS (CONTINUED)

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

(viii) Finance lease income:

	2015 RMB'000	2014 RMB'000
Harbin Measuring & Cutting Tool Group Co., Ltd.	**1,069**	2,045
Changsha Haliang Kaishuai Precision Machinery Co., Ltd.	**411**	786

The finance lease income was charged at rates ranging from 4.75% to 6.01% per annum.

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

(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 year, 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 cash, time deposits, cash and cash equivalents and borrowings as at 31 December 2015 and 2014 and the relevant interest earned and paid during the years were transacted with banks and other financial institutions which are controlled by the PRC government.

(c) Compensation of key management personnel:

	2015 RMB'000	2014 RMB'000
Short term employee benefits	**10,989**	4,599
Equity-settled share award arrangements	**11,526**	2,854

33. TRANSFERS OF FINANCIAL ASSETS

Securitisation transactions

The Group enters into securitisation transactions in the normal course of business by transferring lease receivables to special purpose trusts which in turn issue asset-backed securities to investors. The Group may acquire some subordinated tranches of securities and accordingly may retain parts of the risks and rewards of the transferred credit assets. The Group would determine whether or not to derecognise the associated lease receivables by evaluating the extent to which it retains the risks and rewards of the assets.

As at 31 December 2015, lease receivables with an original carrying amount of RMB1,241,577,000 (2014: RMB698,064,000) have been securitised by the Group under arrangements in which the Group retained continuing involvement in such asset. As at 31 December 2015, the carrying amount of assets that the Group continued to recognise amounted to RMB64,916,000 (2014: RMB20,955,000) and that of 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 RMB64,916,000 (2014: RMB20,955,000).

34. INTEREST IN THE UNCONSOLIDATED STRUCTURED ENTITY

The Group has interest in a structured entity arising from the securitisation transactions. The Group assessed and determined that the structured entity need not be consolidated as the Group has no control over it. As at 31 December 2015, the Group's interest in the unconsolidated structured entity, which was recognised as an available-for-sale investment, amounted to RMB20,955,000 (31 December 2014: RMB20,955,000). As at 31 December 2015, the carrying amount of associated liabilities, which represented the maximum amount of the cash flows the Group would forfeit under the subordination, amounting to RMB20,955,000 was 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 for any financial support to the structured entity.

35. FINANCIAL INSTRUMENTS BY CATEGORY

The carrying amounts of each of the categories of financial instruments as at the end of each reporting period are as follows:

Financial assets

	2015 RMB'000	2014 RMB'000
Loans and receivables:		
Loans and accounts receivable	**21,316,958**	15,639,329
Deposits and other receivables	**96,709**	38,964
Restricted deposits	**153,705**	100,504
Cash and cash equivalents	**1,865,670**	453,569
	23,433,042	16,232,366
Financial assets at fair value through profit or loss:		
Derivative financial assets	**28**	–
Available-for-sale financial assets:		
Available-for-sale investments	**64,916**	20,955
	23,497,986	16,253,321

Financial liabilities

	2015 RMB'000	2014 RMB'000
Financial liabilities at amortised cost:		
Trade and bills payables	**94,773**	956,422
Other payables and accruals	**1,852,226**	1,446,443
Interest-bearing bank and other borrowings	**15,458,354**	11,408,252
	17,405,353	13,811,117
Financial liabilities at fair value:		
Derivative financial liabilities	**–**	1,780
	17,405,353	13,812,897

36. 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 receivable, financial assets included in deposits and other receivables, trade and bills payables, financial liabilities included in other payables and accruals, interest-bearing bank and borrowings.

Cash and cash balances, 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 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 approximate to their fair value.

Bonds issued

The fair value of the bonds is 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 summaries the carrying amounts and fair values of bonds issued which included in interest-bearing bank and other borrowings not presented at fair value on the statement of financial position as at 31 December 2015.

	Carrying amounts		Fair values	
	2015	2014	**2015**	2014
	RMB'000	RMB'000	**RMB'000**	RMB'000
Bonds issued	**4,297,487**	1,591,521	**4,335,590**	1,600,032

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

36. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS (CONTINUED)

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 value 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.

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 investment is based on unobservable inputs included default rate, loss given default, prepayment rate and yield. As at 31 December 2015, fair value changes resulting from changes in the unobservable inputs were not significant.

36. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS (CONTINUED)

Fair value hierarchy: (continued)

Assets and Liabilities measured at fair value:

As at 31 December 2015

	Level 1 RMB'000	Level 2 RMB'000	Level 3 RMB'000	Total RMB'000
Derivative financial assets				
– Interest rate swap contracts	**–**	**28**	**–**	**28**
Available-for-sale investments				
– Asset-backed securities	**–**	**–**	**64,916**	**64,916**

As at 31 December 2014

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

Liabilities for which fair values are disclosed:

As at 31 December 2015

	Level 1 RMB'000	Level 2 RMB'000	Level 3 RMB'000	Total RMB'000
Bonds issued	**3,396,884**	**938,706**	**–**	**4,335,590**

As at 31 December 2014

	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 year ended 31 December 2015, there were no transfers at fair value measurement between Level 1 and Level 2 and no transfers into or out of Level 3 (2014: Nil).

37. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

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

The main risks arising from the Group's financial instruments are interest rate risk, currency risk, credit risk and liquidity risk. The board of directors reviews and agrees policies for managing each of these risks.

Interest rate risk

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

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 table below demonstrates the sensitivity to a reasonably possible change in interest rate, with all other variables held constant, 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 As at 31 December	
	2015	2014
	RMB'000	RMB'000
Change in basis points		
+100 basis points	**92,855**	40,558
– 100 basis points	**(92,855)**	(40,558)

The interest rate sensitivities set out in the tables above are for illustration only and are based on simplified scenarios. The figures represent the effect of the pro forma movements in profit before tax based on the projected yield curve scenarios and the Group's current interest rate risk profile. This effect, however, does not incorporate actions that would be taken by management to mitigate the impact of interest rate risk. The projections above also assume that interest rates of financial instruments with different maturities move by the same amount and, therefore, do not reflect the potential impact on profit before tax in the case where some rates change while others remain unchanged.

37. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

Interest rate risk (continued)

The tables below summarise the contractual repricing or maturity date, whichever is earlier, of the Group's assets and liabilities:

	As at 31 December 2015					
	Non-interest bearing 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
FINANCIAL ASSETS:						
Loans and accounts receivables	4,826	13,408,969	5,229,719	2,673,444	–	21,316,958
Deposits and other receivables	96,709	–	–	–	–	96,709
Restricted deposits	–	130,718	8,932	14,055	–	153,705
Available-for-sale investments	–	–	–	64,916	–	64,916
Derivative financial assets	28	–	–	–	–	28
Cash and cash equivalents	40	1,865,630	–	–	–	1,865,670
Total financial assets	101,603	15,405,317	5,238,651	2,752,415	–	23,497,986
FINANCIAL LIABILITIES:						
Trade and bills payables	94,773	–	–	–	–	94,773
Other payables and accruals	149,687	6,192	62,498	1,633,849	–	1,852,226
Interest-bearing bank and other borrowings	–	5,575,224	5,383,520	4,499,610	–	15,458,354
Total financial liabilities	244,460	5,581,416	5,446,018	6,133,459	–	17,405,353
Interest rate risk exposure	(142,857)	9,823,901	(207,367)	(3,381,044)	–	6,092,633

37. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

Interest rate risk (continued)

	As at 31 December 2015					
	Non-interest bearing 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
FINANCIAL ASSETS:						
Loans and accounts receivables	8,660	10,412,906	3,864,863	1,352,900	–	15,639,329
Deposits and other receivables	38,964	–	–	–	–	38,964
Restricted deposits	–	75,927	24,577	–	–	100,504
Available-for-sale investments	–	–	–	20,955	–	20,955
Cash and cash equivalents	139,495	314,074	–	–	–	453,569
Total financial assets	187,119	10,802,907	3,889,440	1,373,855	–	16,253,321
FINANCIAL LIABILITIES:						
Trade and bills payables	956,422	–	–	–	–	956,422
Other payables and accruals	211,990	3,138	49,172	1,173,017	9,126	1,446,443
Interest-bearing bank and other borrowings	–	7,701,927	1,277,675	2,428,650	–	11,408,252
Derivative financial liabilities	1,780	–	–	–	–	1,780
Total financial liabilities	1,170,192	7,705,065	1,326,847	3,601,667	9,126	13,812,897
Interest rate risk exposure	(983,073)	3,097,842	2,562,593	(2,227,812)	(9,126)	2,440,424

37. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

Currency risk

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

The Group conducts its businesses mainly in RMB, with certain transactions denominated in US$, and, to a lesser extent, other currencies. The Group's exposure to treasury operations mainly arises from its transactions in currencies other than RMB. The Group seeks to limit its exposure to foreign currency risk by minimising its net foreign currency position.

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

The table below indicates a sensitivity analysis of exchange rate change of the currency to which the Group had significant exposure on its monetary assets and liabilities and its forecast cash flows. The analysis calculates the effect of a reasonably possible movement in the currency rate against RMB, with all other variables held constant, 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 kept unchanged and, therefore, it have not incorporated actions that would be taken by the Group to mitigate the adverse impact of this foreign exchange risk.

Currency		Change in foreign exchange rate	Increase/(decrease) in profit before tax As at 31 December	
			2015	2014
		%	**RMB'000**	RMB'000
US$/HK$	If RMB strengthens against US$/HK$	(1)	**(984)**	18,191
	If RMB weakens against US$/HK$	1	**984**	(18,191)

37. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

Currency risk (continued)

A breakdown of the assets and liabilities analysed by currency is as follows:

	As at 31 December 2015				
(In RMB'000 equivalent)	RMB	US$	HK$	Others	Total
FINANCIAL ASSETS:					
Loans and accounts receivables	21,316,937	21	–	–	21,316,958
Deposits and other receivables	96,571	–	138	–	96,709
Restricted deposits	153,705	–	–	–	153,705
Available-for-sale investments	64,916	–	–	–	64,916
Derivative financial assets	–	28	–	–	28
Cash and cash equivalents	569,045	1,222,803	66,601	7,221	1,865,670
Total financial assets	22,201,174	1,222,852	66,739	7,221	23,497,986
FINANCIAL LIABILITIES:					
Trade and bills payables	94,735	–	–	38	94,773
Other payables and accruals	1,849,637	2,488	101	–	1,852,226
Interest-bearing bank and other borrowings	14,269,715	1,188,639	–	–	15,458,354
Total financial liabilities	16,214,087	1,191,127	101	38	17,405,353
Net position	5,987,087	31,725	66,638	7,183	6,092,633

37. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

Currency risk (continued)

	As at 31 December 2014				
(In RMB'000 equivalent)	RMB	US$	HK$	Others	Total
FINANCIAL ASSETS:					
Loans and accounts receivables	15,635,974	–	–	3,355	15,639,329
Deposits and other receivables	38,834	–	130	–	38,964
Restricted deposits	100,504	–	–	–	100,504
Available-for-sale investments	20,955	–	–	–	20,955
Cash and cash equivalents	371,291	81,409	328	541	453,569
Total financial assets	16,167,558	81,409	458	3,896	16,253,321
FINANCIAL LIABILITIES:					
Trade and bills payables	955,663	–	–	759	956,422
Other payables and accruals	1,425,849	20,592	2	–	1,446,443
Interest-bearing bank and other borrowings	9,529,685	1,878,567	–	–	11,408,252
Derivative financial liabilities	–	1,780	–	–	1,780
Total financial liabilities	11,911,197	1,900,939	2	759	13,812,897
Net position	4,256,361	(1,819,530)	456	3,137	2,440,424

37. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

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, derivative financial assets, available-for-sale investments 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 Mainland China. Lessees of the Group are from different industries as follows:

	As at 31 December 2015		As at 31 December 2014	
	RMB'000	**%**	RMB'000	%
Net lease receivables				
Healthcare	**16,692,512**	**77**	10,589,532	67
Education	**4,076,706**	**19**	4,475,593	28
Others	**831,434**	**4**	785,014	5
	21,600,652	**100**	15,850,139	100
Less: Impairment provision on lease receivables	**288,520**		219,470	
Net	**21,312,132**		15,630,669	

As the customers of the Group are widely dispersed and are engaged in different industries, there is no significant credit risk concentration within the Group.

The quantitative data of exposure to credit risk arising from available-for-sale investments, derivative financial assets, loans and accounts receivable, deposits and other receivables, and credit commitments are set out in notes 13, 14, 16, 17 and 31, respectively.

37. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

Credit risk (continued)

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

	As at 31 December	
	2015	2014
	RMB'000	RMB'000
Lease receivables	**21,393,331**	15,692,233
Accounts receivable	**4,826**	8,660
Deposits and other receivables	**96,709**	38,964
Derivative financial assets	**64,916**	20,955
Available-for-sale investments	**28**	–

As 31 December 2015, the assets which are past due but are not considered impaired amounted to RMB39,057,000 (2014: RMB25,777,000), the aging analysis is as below:

2015

	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**
Lease receivables	**39,057**	–	–	–	**39,057**

2014

	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
Lease receivables	11,707	14,070	–	–	25,777

When the rental for a period is past due by one day as at each reporting date, the whole lease receivable is classified as past due lease receivables.

37. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

Credit risk (continued)

Lease receivables that were past due but not impaired related to a number of independent customers that have good track records with the Group. Based on the past experience, the directors of the Company are of the opinion that these balances are not considered impaired as there has not been a significant change in credit quality and the balances are still considered fully recoverable.

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

	As at 31 December	
	2015	2014
	RMB'000	RMB'000
Lease receivables	**168,264**	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.

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 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 within the Group.

37. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

Liquidity risk (continued)

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

	As at 31 December 2015					
	On demand RMB'000	Less than 3 months RMB'000	3 to less than 12 months RMB'000	1 to 5 years RMB'000	Over 5 years RMB'000	Total RMB'000
FINANCIAL ASSETS:						
Loans and accounts receivables	71,926	1,712,902	5,757,061	18,028,690	2,715	25,573,294
Deposits and other receivables	–	479	14,057	82,173	–	96,709
Restricted deposits	–	130,831	9,237	14,702	–	154,770
Available-for-sale investments	–	–	–	64,916	–	64,916
Derivative financial assets	–	–	28	–	–	28
Cash and cash equivalents	1,865,670	–	–	–	–	1,865,670
Total financial assets	1,937,596	1,844,212	5,780,383	18,190,481	2,715	27,755,387
FINANCIAL LIABILITIES:						
Trade and bills payables	54	78,698	11,426	4,595	–	94,773
Other payables and accruals	6,171	59,412	65,280	1,998,270	–	2,129,133
Interest-bearing bank and other borrowings	–	1,966,021	6,370,035	8,342,663	–	16,678,719
Total financial liabilities	6,225	2,104,131	6,446,741	10,345,528	–	18,902,625
Net liquidity gap	1,931,371	(259,919)	(666,358)	7,844,953	2,715	8,852,762

37. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

Liquidity risk (continued)

	As at 31 December 2014					
	On demand RMB'000	Less than 3 months RMB'000	3 to less than 12 months RMB'000	1 to 5 years RMB'000	Over 5 years RMB'000	Total RMB'000
FINANCIAL ASSETS:						
Loans and accounts receivables	48,431	1,217,783	4,225,974	13,546,284	5,988	19,044,460
Deposits and other receivables	–	16,230	6,000	16,734	–	38,964
Restricted deposits	–	75,838	24,666	–	–	100,504
Available-for-sale investments	–	–	–	20,955	–	20,955
Cash and cash equivalents	453,569	–	–	–	–	453,569
Total financial assets	502,000	1,309,851	4,256,640	13,583,973	5,988	19,658,452
FINANCIAL LIABILITIES:						
Trade and bills payables	16	797,462	158,944	–	–	956,422
Other payables and accruals	10,709	120,870	59,731	1,490,744	13,140	1,695,194
Interest-bearing bank and other borrowings	–	1,133,633	3,552,796	7,835,068	–	12,521,497
Derivative financial liabilities	–	–	–	1,780	–	1,780
Total financial liabilities	10,725	2,051,965	3,771,471	9,327,592	13,140	15,174,893
Net liquidity gap	491,275	(742,114)	485,169	4,256,381	(7,152)	4,483,559

37. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

Liquidity risk (continued)

The table below summarises the maturity profile of the Group's credit commitments based on the contractual undiscounted cash flows:

	As at 31 December	
	2015	2014
	RMB'000	RMB'000
Credit commitments		
Less than 3 months	**522,074**	637,481
3 to 12 months	**282,530**	–
	804,604	637,481

Capital management

The primary objective of the Group's capital management is to ensure that it maintains a strong credit rating and healthy capital ratios in order to support its business and maximise shareholders' value.

The Group manages its capital structure and makes adjustments to it in light of changes in economic conditions. To maintain or adjust the capital structure, the Group may adjust dividend payments to shareholders, return capital to shareholders, raise new debt or issue new shares. No changes were made to the objectives, policies or processes for managing capital during the year.

The Group monitors capital risk using a gearing ratio, which is calculated as bank and other borrowings divided by total equity. The gearing ratios as at the reporting date which were within the Group's policy are as follows:

Group

	As at 31 December	
	2015	2014
	RMB'000	RMB'000
Bank and other borrowings	**15,458,354**	11,408,252
Total equity	**5,881,200**	2,427,499
Gearing ratio	**263%**	470%

37. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

CULC and Universal International Financial Leasing (Tianjin) Co., Ltd. ("TJ-Leasing")

The primary objective of the capital management of CULC and TJ-Leasing, principal subsidiaries of the Group located in Mainland China, is to ensure that they comply with the regulatory requirements of the Ministry of Commerce of the PRC (the "MOFCOM") in addition to the general requirements that are relevant to the Group. In accordance with the "Administration of Foreign Investment in the Leasing Industry" promulgated by the MOFCOM on 3 February 2005 and other relevant laws and regulations, CULC and TJ-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 year, there were no significant changes on the policies or processes for managing the capital of CULC and TJ-Leasing.

In accordance with the aforementioned requirements of the MOFCOM, CULC and TJ-Leasing should maintain its risky assets ("Risky Assets") within 10 times of its equity. Risky Assets shall be determined on the basis of the total assets less cash, bank deposits, government bonds and entrusted lease assets. The calculations of the ratios of Risky Assets to equity as at each reporting date are as follows:

CULC

	As at 31 December	
	2015	2014
	RMB'000	RMB'000
Total assets	**23,144,099**	16,311,445
Less: Cash and cash equivalents	**(1,761,654)**	(366,431)
Total Risky Assets	**21,382,445**	15,945,014
Equity	**5,298,695**	2,345,992
Ratio of Risky Assets to equity	**4.04**	6.80

37. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

CULC and Universal International Financial Leasing (Tianjin) Co., Ltd. ("TJ-Leasing") (continued)

TJ-Leasing

	As at 31 December	
	2015	2014
	RMB'000	RMB'000
Total assets	**2,229,852**	–
Less: Cash and cash equivalents	**(21,347)**	–
Total Risky Assets	**2,208,505**	–
Equity	**1,028,422**	–
Ratio of Risky Assets to equity	**2.15**	–

38. EVENTS AFTER THE REPORTING PERIOD

There are no further material subsequent events undertaken by the Group after 31 December 2015.

39. COMPARATIVE AMOUNTS

Certain comparative amounts have been reclassified to conform with the current year's representation.

40 STATEMENT OF FINANCIAL POSITION OF THE COMPANY

Information about the statement of financial position of the Company at the end of the reporting period is as follows:

	31 December 2015 RMB'000	31 December 2014 RMB'000
NON-CURRENT ASSETS		
Investments in subsidiaries	**4,290,826**	1,477,207
Prepayments, deposits and other receivables	**–**	8,000
Total non-current assets	**4,290,826**	1,485,207
CURRENT ASSETS		
Accounts receivable	**21**	3,355
Prepayments, deposits and other receivables	**3,623**	23,333
Dividend receivable from a subsidiary	**209,000**	8,264
Tax recoverable	**862**	–
Cash and cash equivalents	**80,574**	87,131
Total current assets	**294,080**	122,083
CURRENT LIABILITIES		
Trade payables	**38**	759
Other payables and accruals	**22,988**	19,238
Interest-bearing bank and other borrowings	**–**	4,000
Taxes payable	**–**	193
Other liabilities	**8,000**	16,000
Total current liabilities	**31,026**	40,190
NET CURRENT ASSETS	**263,054**	81,893
TOTAL ASSETS LESS CURRENT LIABILITIES	**4,553,880**	1,567,100
NON-CURRENT LIABILITIES		
Other liabilities	**–**	8,000
Total non-current liabilities	**–**	8,000
Net assets	**4,553,880**	1,559,100
EQUITY		
Share capital	**4,327,842**	1,579,905
Reserves (note)	**226,038**	(20,805)
Total equity	**4,553,880**	1,559,100

Guo Weiping
Director

Peng Jiahong
Director

40. STATEMENT OF FINANCIAL POSITION OF THE COMPANY (CONTINUED)

Note:

A summary of the Company's reserves is as follows:

	Capital reserve RMB'000	Exchange fluctuation reserve RMB'000	Retained profits/ (Accumulated loss) RMB'000	Total RMB'000
Balance at 1 January 2014	–	(27,814)	(309)	(28,123)
Profit for the year	–	–	9,230	9,230
Equity-settled share award arrangements	4,742	–	–	4,742
Dividend	–	–	(8,264)	(8,264)
Other comprehensive income	–	1,610	–	1,610
At 31 December 2014 and 1 January 2015	4,742	(26,204)	657	(20,805)
Profit for the year	–	–	201,426	201,426
Equity-settled share award arrangements	19,211	–	–	19,211
Effect of change in functional currency	(15)	27,579	17	27,581
Other comprehensive income	–	(1,375)	–	(1,375)
At 31 December 2015	23,938	–	202,100	226,038

41. APPROVAL OF THE FINANCIAL STATEMENTS

The financial statements were approved and authorised for issue by the board of directors on 29 March 2016.

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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