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

Interim Report 2016

Contents

CORPORATE INFORMATION

BOARD OF DIRECTORS

Chairman and Non-executive Directors

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

Executive Directors

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

Non-executive Directors

Mr. Liu Zhiyong
Mr. Liu Xiaoping
Mr. Su Guang
Mr. Zeng Yu*
Mr. Chen Weisong**

Independent Non-executive Directors

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

AUDIT COMMITTEE

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

REMUNERATION COMMITTEE

Mr. Chow Siu Lui *(Chairman)*
Mr. Zeng Yu*
Mr. Han Demin*
Mr. Chen Weisong**
Mr. Lim Yean Leng***

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

RISK CONTROL COMMITTEE

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

COMPANY SECRETARY

Ms. Cheng Pik Yuk

AUTHORISED REPRESENTATIVES

Ms. Peng Jiahong
Ms. Cheng Pik Yuk

REGISTERED OFFICE

Room 702, Fairmont House
8 Cotton Tree Drive
Central
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
Wanchai
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

* Appointed on 13 April 2016
** Resigned on 13 April 2016
*** Resigned on 29 February 2016

\# Came into effect on 23 August 2016

DEFINITION

"Articles"	the Company's articles of association
"Audit Committee"	the audit committee of the Board
"Board" or "Board of Directors"	the board of directors of our Company
"CAGR"	compound annual growth rate
"CG Code''	the "Corporate Governance Code'' contained in Appendix 14 to the Listing Rules
"CITIC Capital Leasing"	CITIC Capital Leasing Ltd., a company incorporated under the laws of Cayman Islands on 16 September 2011 with limited liability
"Company"	Universal Medical Financial & Technical Advisory Services Company Limited (環球醫療金融與技術咨詢服務有限公司) (formerly known as Universal Medical Services & Health Management Company Limited (環球醫療服務有限公司) and Universal International Leasing Co., Limited (環球國際租賃有限公司)), a company incorporated with limited liability under the laws of Hong Kong on 19 April 2012
"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
"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
"HK$"	Hong Kong dollars, the lawful currency of Hong Kong

"ICBCI"	ICBC International Wealth Investment Limited, a company incorporated under the laws of the British Virgin Islands on 19 September 2014 with limited liability
"ITCCL"	International Technological Cooperation Co., Ltd (國際技術合作有限公司), a company incorporated under the laws of the British Virgin Islands on 14 August 2014 with limited liability
"Listing 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
"PPP"	public private partnership
"PBOC"	the People's Bank of China
"PRC" or "China"	The People's Republic of China, for the purpose of this interim report, excluding Hong Kong, Macau and Taiwan
"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
"USD"	United States dollars, the lawful currency of the United States

CORPORATE PROFILE

Universal Medical Financial & Technical Advisory Services Company Limited and its subsidiaries are currently the leading integrated healthcare services provider in China. Focusing on the fast-growing healthcare service industry in China and leveraging on our diversified healthcare resources platform and strong financial support, we have been committed to building up hospitals' comprehensive strengths in terms of healthcare technology, service quality, operating efficiency as well as managerial capacity.

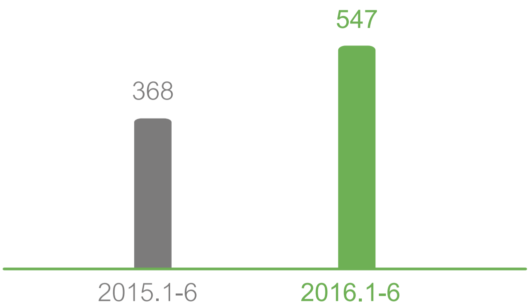
The largest shareholder of the Company is China General Technology (Group) Holding Company Limited (中國通用技術(集團)控股有限責任公司), which is one of the key state-owned enterprises under direct administration of the PRC central government and is a Fortune Global 500 company.

Since our incorporation, leveraging on our insights into healthcare industry and experience of providing services to hospitals over the years, strong financial position and business developing capability, we have accumulated over a thousand hospital customers throughout China, established sound cooperation with hundreds of domestic and foreign well-known 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 a unique and innovative business model, providing customers with integrated healthcare solutions, which comprise healthcare financial services, hospital investment and management, healthcare technology services with clinical department upgrade as the core and hospital digitalisation services. Our headquarter is located in Hong Kong and we have set up an operation centre in Beijing. We have 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 Guangdong, Shaanxi, Shandong, Henan, Hunan, Sichuan and Heilongjiang, and further strengthened our business network where successful experience of one of our offices could be learned to guide the work in its surrounding area and then covers nationwide.

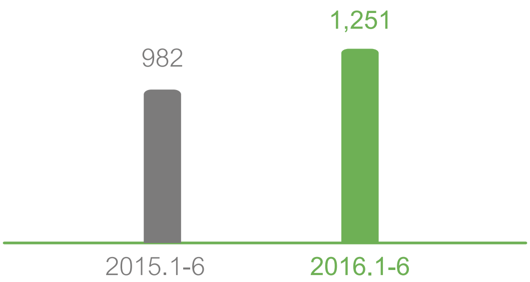
We will firmly seize the good opportunities for development of healthcare industry in China and be committed to the promotion of development of China's healthcare service industry. We will widely establish strategic alliances with both domestic and foreign leading professional healthcare organisations,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

PERFORMANCE OVERVIEW

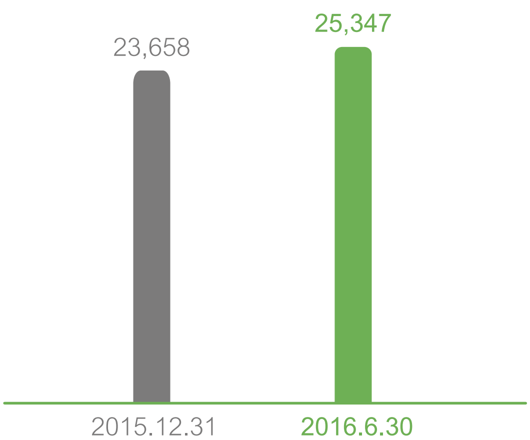
Profit before tax RMB million



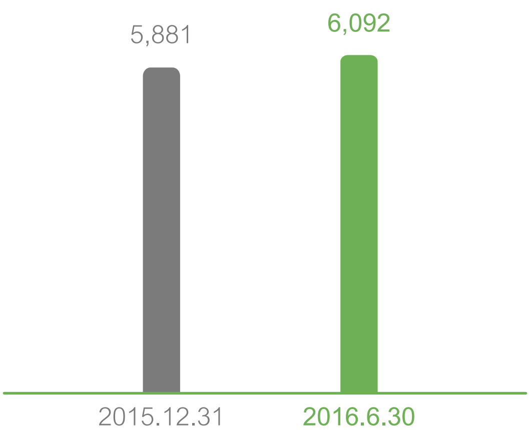
Income RMB million



Total assets RMB million



Total equity RMB million



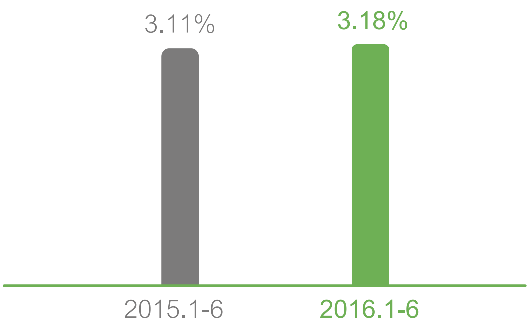
Proportion of healthcare assets in the lease receivables

74.7%

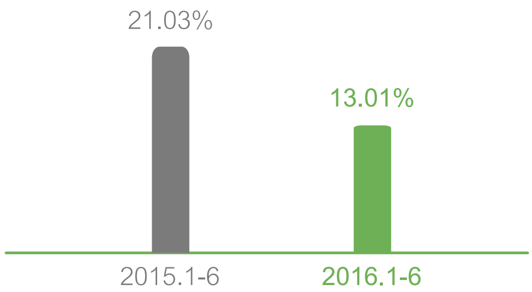
Year-on-year increase of gross profit from clinical department upgrade services

122.5%

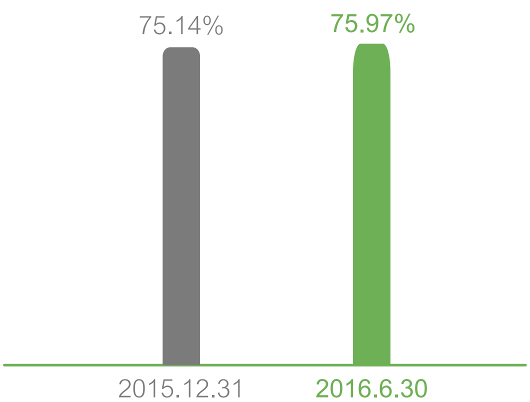
Return on assets



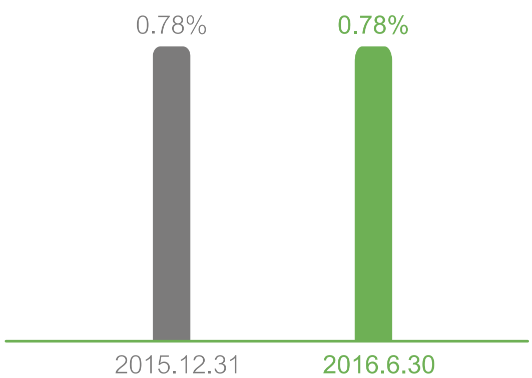
Return on equity



Debt ratio



NPA ratio



EPS (Basic and Diluted)

0.23 RMB

BVPS

3.55 RMB

	For the six months ended 30 June	
	2016	2015
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Operating Results		
Income	**1,251,076**	982,051
Finance lease income	**915,142**	696,411
Industry, equipment and financing advisory income	**264,469**	250,448
Clinical department upgrade services income	**69,716**	34,819
Cost of sales	**(465,356)**	(441,212)
Interest expense	**(455,781)**	(432,941)
Cost of clinical department upgrade services	**(9,575)**	(7,787)
Profit before tax	**546,847**	367,749
Profit for the period	**389,545**	269,914
Basic and diluted earnings per share (*RMB*)	**0.23**	0.21
Profitability Indicators		
Return on assets(1)	**3.18%**	3.11%
Return on equity(2)	**13.01%**	21.03%
Net interest margin(3)	**4.24%**	3.20%
Net interest spread(4)	**3.16%**	2.49%
Net profit margin(5)	**31.14%**	27.48%
Cost to income ratio(6)	**25.40%**	26.73%

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

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

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

(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 period; average balance of interest-bearing liabilities is calculated based on the average balance of bank and other borrowings and lease deposits as at each month end within the reporting period;

(5) Net profit margin = profit for the period/income;

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

	30 June 2016 RMB'000 (Unaudited)	31 December 2015 RMB'000 (Audited)
Assets and Liabilities		
Total assets	**25,347,178**	23,657,881
Net lease receivables	**23,315,290**	21,600,652
Total liabilities	**19,255,552**	17,776,681
Interest-bearing bank and other borrowings	**16,614,916**	15,458,354
Total equity	**6,091,626**	5,881,200
Net assets per share *(RMB)*	**3.55**	3.43
Financial Indicators		
Debt ratio(1)	**75.97%**	75.14%
Gearing ratio(2)	**2.73**	2.63
Current ratio(3)	**1.02**	0.98
Asset Quality		
Non-performing assets ratio(4)	**0.78%**	0.78%
Provision coverage ratio(5)	**180.94%**	171.47%
Write-off of non-performing assets ratio(6)	**0.00%**	0.00%
Overdue ratio (over 30 days)(7)	**0.54%**	0.46%

(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 lease receivables;

(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 the first half of 2016, China's GDP increased by 6.7% compared to the corresponding period of last year, experiencing sustained downward growth. The Chinese government continued to strengthen macro-economic control, deepen supply-side structural reform, put a great emphasis on fostering new economic structures, strengthen new development initiatives, and promote the transformation of the industrial structure from industry-driven to service-driven. This year, China continued to implement a proactive fiscal policy and a sound monetary policy to strengthen its support to the real economy. During the first half of 2016, RMB's central parity rate against USD decreased by 1,280 base points. The exchange rate of RMB to USD had a wider two-way fluctuation fluctuated up and down more wildly.

1.2 Healthcare Industry

In recent years, China's healthcare service market has been growing rapidly. From 2004 to 2015, China's total healthcare expenditure grew from RMB759.03 billion to RMB4,058.77 billion at a CAGR of 16.5%. Since the launch of the new healthcare reform in 2009, the overall growth of China's healthcare service industry has significantly outrun the growth of the macro economy. From 2009 to 2014, the revenue of China's hospitals grew at a CAGR of 18.6%, showing a promising prospect for the development of the healthcare service industry.

The 5th Session of 18th Party Congress initiated a number of measures to build a "Healthy China" by way of deepening healthcare system reform, advancing the coordination of healthcare services, healthcare insurance and medicine industry, establishing a basic healthcare system and a 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 promoting tiered healthcare services to ensure that "serious illness is treated in counties". Meanwhile, the state policy encourages social capital to participate in public hospital reform in various ways to accelerate the diversification of hospital investment and operation and allows participation in the reform of public hospitals through entrusted management and equity cooperation, etc. The first half of 2016 has seen further progress of the pricing reform of healthcare services, which is aimed to control total volume and adjust structure, abolish medicine markup, and lower the proportion of income from medicine and consumables in the total income of hospitals while raising the proportion of the value of healthcare services. The reform has given rise to a huge demand from hospitals to expand construction and upgrade technologies.

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

1.3 Business Review

In the first half of 2016, the operating results of the Group grew steadily, with income increasing by 27.4% to RMB1,251.1 million, profit before tax increasing by 48.7% to RMB546.8 million as compared to the corresponding period of last year and the number of customers increasing to over 1,300. We have been carrying on integrated development strategies. While maintaining a rapid growth of our healthcare financial business, we continued to enhance our healthcare technology service capabilities, and focus advantageous resources to develop our hospital investment and management business. The new model of combining industry and finance and integrating finance, consultancy, management and technology service has come into form, which has laid the foundation for the sustainable and rapid growth of the Group.

Continuous rapid growth of healthcare financial business

In the first half of 2016, the healthcare financial business of the Group continued to grow rapidly. The gain on interest-earning assets increased slightly while the cost of interest-bearing liabilities substantially decreased. The net interest spread recovered from 2.49% in the first half of 2015 to 3.16% in the first half of 2016, representing an increase of 0.67 percentage point. Meanwhile, the Group's assets quality remained healthy during the first half of this year.

- **The gain on interest-earning assets increased slightly.** Despite the downward trend of the domestic overall deposit and lending rates since the second half of 2015, benefiting from customer loyalty and the competitive advantages of differentiation brought by our integrated healthcare service solutions and the positive effect from the full implementation of the VAT-business tax replacement policies since 1 May 2016, the average yield of interest-earning assets of the Group increased as compared to the same period last year. In the first half of 2016, the average yield of the Group's interest-earning assets amounted to 8.39%, representing an increase of 0.07 percentage point from 8.32% in the same period last year.

- **The cost of interest-bearing liabilities substantially decreased.** With the decrease of domestic financing cost as a result of the interest rate cuts by the People's Bank of China and the continued adjustment in the proportion of the Group's overseas financing activities, despite the increase in financing cost due to the replacement of business tax with value-added tax since 1 May 2016, and with the reduced impact of financing cost, the average cost rate of interest-bearing liabilities of the Group decreased as compared to the same period last year. In the first half of 2016, the average cost rate of interest-bearing liabilities of the Group amounted to 5.23%, representing a decrease of 0.60 percentage point from 5.83% in the same period last year.

- **The assets grew steadily with good quality.** As of 30 June 2016, the total assets of the Group amounted to RMB25,347.2 million, representing an increase of 7.1% as compared to the end of 2015. The proportion of healthcare assets in finance lease receivables was 74.7%, showing the Group's assets concentration in healthcare industry. Non-performing assets ratio was at 0.78% and the overdue ratio (30 days) was 0.54%, representing a leading position in the industry. We continued to implement a prudent provision policy and the Group's asset provision coverage ratio reached 180.94% as of 30 June 2016.

Improving healthcare technology service capabilities

In the first half of 2016, the Group continued to expand its healthcare resources platform, strengthen its cooperation with well-known local and foreign medical experts and internationally-renowned healthcare institutions. The increasing healthcare technology service capabilities have laid a solid ground for the development of our hospital investment and management business and integrated healthcare services. Meanwhile, we continued to innovate a clinical department upgrade cooperation model, and to expand the scope of clinical department upgrade services. As at 30 June 2016, the number of customers of clinical department upgrade services increased to 136 from 105 at the end of 2015. In the first half of the year, the gross profit of clinical department upgrade services reached RMB60.1 million, representing an increase of 122.5% over the same period last year, and the gross profit of clinical department upgrade services as the percentage of total gross profit increased to 7.7% in the first half of 2016 from 5.0% in the first half of 2015.

- **Continued expansion of local and foreign healthcare resources platform.** In the first half of 2016, our healthcare resources platform was comprehensively expanded. Currently we have established strategic cooperation with over 200 domestic and foreign well-known medical experts and 54 international healthcare service institutions. We continued to deepen the cooperation with internationally well-known healthcare service institutions to gain rich experience in hospital management, master excellent hospital management skills, introduce advance hospital design concepts and enhance our abilities to provide integrated healthcare services.

- **Innovation on clinical department upgrade cooperation model.** We continued to strengthen our professional capabilities, expand our healthcare resources and enhance our healthcare technology service capabilities. The fundamental interests of patients are our priority. We introduced internationally-advanced technology and managerial expertise, and further innovated the clinical department upgrade cooperation model with hospital customers based on the existing clinical department upgrade model, which has integrated specialists, technology, trainings, capital and equipment, to flexibly satisfy individualised and diversified needs.

- **Enhancement of clinical department upgrade services capabilities.** With increasing healthcare resources, our scope of clinical department upgrade services continued to expand, currently covering fields of study like CVA, oncology, obstetrics and gynecology, cardiology and rehabilitation.

In-depth progress in hospital investment management business

In the first half of 2016, the Group continued to develop hospital investment and management business. We seized the opportunities brought by governmental policies and comprehensively expanded our healthcare resources to further cooperate with public hospitals through various modes such as PPP, entrusted management and equity cooperation. 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. For details, please refer to the Company's announcement dated 10 January 2016. On 14 June 2016, we entered into a framework agreement with the Second Affiliated Hospital of Zhengzhou University in connection with the joint establishment and operation of the International Airport Hospital under the Second Affiliated Hospital. In hospital investment and management business, the Group aims to build regional healthcare technology centres of high standard so as to improve the conditions of medical treatment for local residents by way of cooperation with regional leading hospitals in building and operating new hospitals via PPP mode. Our cooperation projects in other regions such as Guangdong, Hunan, Hebei, Sichuan and Shandong are also well executed.

- **Follow the guidance of policies, and improve the cooperation model.** 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 have chosen regions with large population and good economic condition that need enhanced healthcare supply capability. We cooperated with regionally leading hospitals through entrusted management, equity cooperation and other modes. At the same time, we will establish a long term win-win cooperation model with hospitals. Through the introduction of capital, technology, talents, and management philosophy and mechanism to our cooperative hospitals, we will comprehensively enhance the quality of their healthcare services and management. Through the operation and management of hospitals, we will also benefit from the improvement of hospital services and share the revenue generated from operating supply chain and related business in a sustainable, stable and reasonable manner.

- **Optimise the internal organisation structure, and improve the professional talent pool.** In the first half of 2016, the Group successively established healthcare resources management department, supply chain operation department, international healthcare cooperation department and healthcare technology cooperation department, which provide organisational support to the expansion of our international healthcare resources and hospital investment and management business development. Meanwhile, we actively recruited high-quality professionals with hospital investment management and project management background and established an organised staff training system so as to build a talent pool for hospital investment and management business and other new strategic businesses of the Group.

1.4 Prospects For the Next Half of the Year

In the second half of the year, the Group will continue to carry on integrated development strategies, seize the opportunities brought by national policies, steadily develop our healthcare financial services, enhance profitability in financial business, and maintain the high-quality asset portfolio. We will actively enhance our healthcare technology service capabilities, further expand healthcare resources platform and continue to expand the scope of cooperation of clinical department upgrade business. We will also devote great efforts to our hospital investment and management business, continue to innovate and improve the business cooperation model, further expand the professional talent pool, and broaden and deepen the regional healthcare resources network so as to enhance the Group's growth potential and operating efficiency.

2. ANALYSIS OF STATEMENT OF PROFIT OR LOSS

2.1 Overview

During the first half of 2016, the Group seized the opportunities emerging from healthcare industry. With the strategic goal to be an integrated healthcare services provider, we intensified the business development, further expanded the healthcare resources platform, continuously strengthened risk prevention and control and achieved stable growth in operating results. For the first half of 2016, the Group generated revenue of RMB1,251.1 million, representing an increase of RMB269.0 million or 27.4% as compared to that for the corresponding period of last year. Profit before tax was RMB546.8 million, representing an increase of RMB179.1 million or 48.7% as compared to that for the corresponding period of last year.

The following table sets forth the Group's statement of profit or loss for the six months ended 30 June 2016:

	For the six months ended 30 June		
	2016 RMB'000 (Unaudited)	2015 RMB'000 (Unaudited)	Change
Revenue	**1,251,076**	982,051	27.4%
Cost of sales	**(465,356)**	(441,212)	5.5%
Gross Profit	**785,720**	540,839	45.3%
Other income and gains	**3,890**	3,841	1.3%
Selling and distribution costs	**(120,491)**	(73,025)	65.0%
Administrative expenses	**(119,025)**	(101,624)	17.1%
Other expenses	**(3,247)**	(2,282)	42.3%
Profit before tax	**546,847**	367,749	48.7%
Income tax expense	**(157,302)**	(97,835)	60.8%
Profit for the period	**389,545**	269,914	44.3%
Basic and diluted earnings per share (*RMB*)	**0.23**	0.21	9.5%

2.2 Analysis of Business Revenue

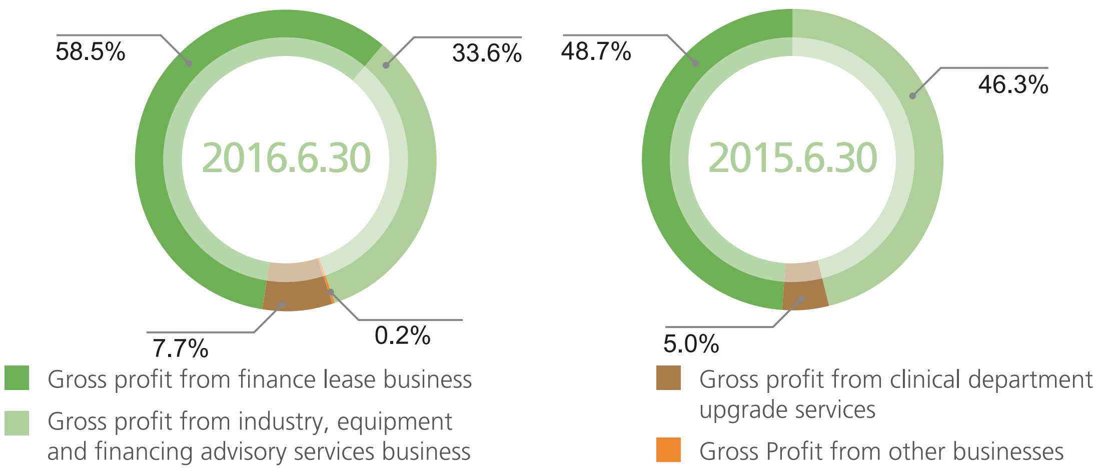
With the focus on healthcare sector, the Group carried on integrated development strategy. We have made great efforts to solidify our healthcare resources platform and expand our customer base. Meanwhile, we continuously optimized the business structure and strengthened business innovation. During the first half of 2016, the Group achieved rapid revenue growth in the revenue from all business segments.

The following table sets forth the Group's gross profit by business segment:

	For the six months ended 30 June				
	2016		2015		
	Gross profit RMB'000 (Unaudited)	**% of total**	Gross profit RMB'000 (Unaudited)	% of total	Change
Finance lease	**459,361**	**58.5%**	263,470	48.7%	74.4%
Industry, equipment and financing advisory	**264,469**	**33.6%**	250,448	46.3%	5.6%
Clinical department upgrade services	**60,141**	**7.7%**	27,032	5.0%	122.5%
Other business	**1,749**	**0.2%**	(111)	0.0%	1,675.7%
Total	**785,720**	**100.0%**	540,839	100.0%	45.3%

In the first half of 2016, the Group's gross profit was RMB785.7 million, increasing by RMB244.9 million or 45.3% as compared to that for the corresponding period of last year. In particular, interest margin gross profit of finance lease business was RMB459.4 million, representing an increase of RMB195.9 million or 74.4% as compared to that for the corresponding period of last year; gross profit of industry, equipment and financing advisory services was RMB264.5 million, representing an increase of RMB14.0 million or 5.6% as compared to that for the corresponding period of last year; gross profit of clinical department upgrade services was RMB60.1 million, representing an increase of RMB33.1 million or 122.5% as compared to that for the corresponding period of last year.

With the continuous improvement of our capabilities to provide healthcare technology services, the Group has seen significant growth in clinical department upgrade business in the first half of 2016 as the percentage of total gross profit has increased from 5.0% in the same period of 2015 to 7.7%.



2.2.1 Finance lease business

During the first half of 2016, the Group continued to development the finance lease business in a stable and healthy manner. The Group further rationalized regional distribution, strengthened regional staffing, improved business development capability, further explored the value of its customer base and strived to maintain its leading position in healthcare finance lease market.

In the first half of 2016, the Group recorded interest income of RMB915.1 million from finance lease business, representing an increase of RMB218.7 million or 31.4% as compared to that for the corresponding period of last year.

The following table sets forth the Group's finance lease income by industry:

Industry	For the six months ended 30 June 2016 RMB'000 (Unaudited)	2016 % of total	2015 RMB'000 (Unaudited)	2015 % of total	Change
Healthcare	**728,812**	**79.6%**	472,086	67.8%	54.4%
Education	**161,463**	**17.7%**	196,526	28.2%	-17.8%
Other	**24,867**	**2.7%**	27,799	4.0%	-10.5%
Total	**915,142**	**100.0%**	696,411	100.0%	31.4%

The Group focuses on healthcare sector, and the finance lease interest income from healthcare industry was RMB728.8 million for the first half of 2016, accounting for 79.6% of the total income of the Group.

The following table sets forth the yield and cost rate of the Group's finance lease business:

	For the six months ended 30 June					
	2016			2015		
	Average balance RMB'000 (Unaudited)	Interest income(1)/ expense(2) RMB'000 (Unaudited)	Average yield(3)/ cost rate(4)	Average balance RMB'000 (Unaudited)	Interest income(1)/ expense(2) RMB'000 (Unaudited)	Average yield(3)/ cost rate(4)
Interest-earning assets	**22,080,878**	**921,496**	**8.39%**	16,925,960	703,943	8.32%
Interest-bearing liabilities	**17,516,391**	**455,781**	**5.23%**	14,864,693	432,941	5.83%
Net interest margin(5)	**–**	**–**	**4.24%**	–	–	3.20%
Net interest spread(6)	**–**	**–**	**3.16%**	–	–	2.49%

(1) Interest income represents the interest income before business tax and surcharges from finance lease business;

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

(3) Average yield = Interest income/average balance of interest-earning assets, presented on an annualized basis;

(4) Average cost rate = Interest expense/average balance of interest-bearing liabilities, presented on an annualized basis;

(5) Net interest margin is calculated by dividing net interest income by average balance of interest-earning assets, presented on an annualized basis;

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

In the first half of 2016, the net interest spread and net interest margin increased significantly compared to those of the corresponding period of last year, mainly due to the slight increase of the gain on interest-earning assets and the significant decrease in the cost rate of interest-bearing liabilities. In the first half of 2016, the net interest spread was 3.16%, representing an increase of 0.67 percentage point from 2.49% in the corresponding period of last year. The net interest margin was 4.24%, representing an increase of 1.04 percentage points from 3.20% in the corresponding period of last year.

Average yield of interest-earning assets: In the first half of 2016, the average yield of interest-earning assets of the Group was 8.39%, representing an increase of 0.07 percentage point from 8.32% in the corresponding period of last year. Despite the downward trend of the domestic overall deposit and lending rates since 2015, benefiting from customer loyalty and the competitive advantages of differentiation brought by our integrated healthcare service solutions and the positive effect from the replacement of business tax with value-added tax since 1 May 2016, the average yield of interest-earning assets of the Group increased slightly as compared to the same period of last year.

Average cost rate of interest-bearing liabilities: In the first half of 2016, the average cost rate of interest-bearing liabilities was 5.23%, representing a decrease of 0.60 percentage point from 5.83% in the corresponding period of last year. Despite the increasing financing cost resulted from the replacement of business tax with value-added tax since 1 May 2016, benefiting from the decreasing domestic financing cost resulted from the interest rate cuts by the People's Bank of China, national policies which encourage direct financing and more social financing channels, and the Group's measures to improve financing structure such as decreasing the proportion of overseas financing to 17.6% as at the end of June 2016 from 40.3% as at the end of June 2015, the average cost rate of interest-bearing liabilities decreased significantly as compared to the same period of last year.

2.2.2 Industry, equipment and financing advisory services

Industry, equipment and financing advisory services are a part of our integrated services. In the first half of 2016, the gross profit from industry, equipment and financing advisory services was RMB264.5 million, representing an increase of RMB14.0 million or 5.6% as compared to that for the corresponding period of 2015. The Group continuously expanded its healthcare resources platform and analyzed the competition facing our customers in the region, so as to provide them with advices on financing, cash management, lease assets purchase and operation, and the best solution of equipment financing or operation to maximise benefits. Our services meet hospitals' individual needs and assist them to improve the quality of technical services.

2.2.3 Clinical department upgrade services

The Group's clinical department upgrade services business mainly comprises the provision of services such as planning for mid-and-long term development and disciplinary groups, specialized business training, consulting for chronic disease prevention and treatment, innovation in specialized areas as well as continuing medical education. We aim to enhance the technical services ability and management efficiency of partnered hospitals with operating lease and sales of equipment as complement. In the first half of 2016, the gross profit of clinical department upgrade services was RMB60.1 million, representing an increase of RMB33.1 million or 122.5% as compared to that for the corresponding period in 2015.

The following table sets forth the breakdown of the Group's clinical department upgrade services:

	For the six months ended 30 June					
	2016			2015		
	Income RMB'000 (Unaudited)	Gross profit RMB'000 (Unaudited)	% of total	Income RMB'000 (Unaudited)	Gross profit RMB'000 (Unaudited)	% of total
Clinical department upgrade advisory services	**54,559**	**54,559**	**90.7%**	26,691	26,691	98.7%
Operating lease	**10,619**	**2,917**	**4.9%**	7,558	63	0.3%
Sales of medical equipment	**4,538**	**2,665**	**4.4%**	570	278	1.0%
Total	**69,716**	**60,141**	**100.0%**	34,819	27,032	100.0%

The core business of the Group's clinical department upgrade services is clinical department upgrade advisory services. During the first half of 2016, we continued to strengthen our professional capabilities and expand our healthcare resources so as to continuously enhance our healthcare technology service capabilities. We made further innovation in our cooperation with hospital customers in respect of clinical department upgrade services in order to meet the flexible, diversified and individual development needs of our hospital customers. With the continuous exploration of healthcare resources, the scope of our clinical department upgrade services continued to expand, which now covers various fields such as CVA, oncology, obstetrics and gynecology, cardiology, and rehabilitation.

2.3 Operating Cost

In the first half of 2016, the Group's sales and distribution cost and administrative expenses were RMB120.5 million and RMB119.0 million, respectively, representing an increase of RMB47.5 million and RMB17.4 million or 65.0% and 17.1%, respectively, as compared to that for the corresponding period of last year. Such increase was mainly due to the increase in direct operating cost and salary and staff benefits stemming from strengthened market expansion and internal and external medical resources input. The cost to income ratio was 25.40%, representing a decrease of 1.33 percentage points as compared to that for the corresponding period of last year.

In order to cater to the need for implementing corporate strategies, the Group actively recruited high-quality professionals related to hospital investment & management and healthcare technology services and further optimized the composition of professionals. Meanwhile, the Group has set up a long-term incentive system and implemented a corporate annuity scheme to guarantee and improve the benefits of our staff after their retirement. As such, the relevant salary and benefits expenses had increased.

2.4 Income Tax Expenses

In the first half of 2016, the Group's income tax expenses increased by RMB59.5 million as compared to that for the corresponding period of last year, which was mainly due to the increase of profit before tax.

3. FINANCIAL POSITION ANALYSIS

3.1 Overview of Assets

As at 30 June 2016, the Group's total assets was RMB25,347.2 million, representing an increase of RMB1,689.3 million or 7.1% as compared to that at the end of last year. In particular, our loan and accounts receivable was RMB22,997.6 million, accounting for 90.7% of the total assets and representing an increase of RMB1,680.6 million or 7.9% as compared to that at the end of last year.

The following table sets forth the Group's assets:

	30 June 2016		31 December 2015		
	RMB'000 (Unaudited)	% of total	RMB'000 (Audited)	% of total	Change
Restricted deposits	**256,096**	**1.0%**	153,705	0.6%	66.6%
Cash and cash equivalents	**1,812,797**	**7.2%**	1,865,670	7.9%	-2.8%
Inventories	**4,936**	**0.0%**	2,643	0.0%	86.8%
Loans and accounts receivable	**22,997,594**	**90.7%**	21,316,958	90.1%	7.9%
Prepayments, deposits and other receivables	**64,002**	**0.3%**	142,598	0.6%	-55.1%
Property, plant and equipment	**101,205**	**0.4%**	89,586	0.4%	13.0%
Available for sale investments	**64,916**	**0.2%**	64,916	0.3%	0.0%
Deferred tax assets	**42,626**	**0.2%**	21,777	0.1%	95.7%
Derivative financial instrument	**224**	**0.0%**	28	0.0%	700%
Other assets	**2,782**	**0.0%**	–	–	–
Total	**25,347,178**	**100.0%**	23,657,881	100.0%	7.1%

3.1.1 Restricted deposits and cash and cash equivalents

As at 30 June 2016, the Group had restricted deposits of RMB256.1 million, which mainly comprised pledged project refunds resulting from business such as factoring.

As at 30 June 2016, the Group had cash and cash equivalents of RMB1,812.8 million, which was the remaining balance of the proceeds from listing and will be utilized gradually in accordance with the proposed use of proceeds.

3.1.2 Loans and accounts receivable

As at 30 June 2016, the Group's loans and accounts receivable was RMB22,997.6 million, among which the net lease receivables was RMB22,986.8 million, accounted for 99.95% of the loans and accounts receivable.

Lease receivables

In the first half of 2016, given the downward trend in China's macro-economic environment, the Group strengthened the risk management and control in a prudent manner and carried out stable and healthy expansion of finance lease business while ensuring the asset security. As at 30 June 2016, net lease receivables amounted to RMB23,315.3 million, representing an increase of RMB1,714.6 million or 7.9% as compared to that at the end of last year.

Lease receivables by industry

The following table sets forth the Group's net lease receivables by industry:

	30 June 2016		31 December 2015		
	RMB'000 (Unaudited)	**% of total**	RMB'000 (Audited)	% of total	Change
Healthcare	**17,409,657**	**74.7%**	16,692,512	77.3%	4.3%
Education	**5,228,726**	**22.4%**	4,076,706	18.9%	28.3%
Others	**676,907**	**2.9%**	831,434	3.8%	-18.6%
Net lease receivables	**23,315,290**	**100.0%**	21,600,652	100.0%	7.9%
Less: Allowance for asset impairment	**(328,501)**		(288,520)		13.9%
Net value of lease receivables	**22,986,789**		21,312,132		7.9%

Net lease receivables from healthcare sector amounted to RMB17,409.7 million, representing an increase of RMB717.1 million as compared to that at the end of last year and accounting for 74.7% of the net lease receivables. The majority of the Group's assets are in healthcare industry.

Aging analysis of lease receivables

The following table sets forth the maturity profile of the Group's net lease receivables:

	30 June 2016		31 December 2015		
	RMB'000 (Unaudited)	**% of total**	RMB'000 (Audited)	% of total	Change
Within 1 year	**6,230,332**	**26.7%**	6,036,410	27.9%	3.2%
1-2 years	**5,726,883**	**24.6%**	5,301,893	24.5%	8.0%
2-3 years	**4,882,537**	**20.9%**	4,395,572	20.3%	11.1%
3 years and beyond	**6,475,538**	**27.8%**	5,866,777	27.3%	10.4%
Net lease receivables	**23,315,290**	**100.0%**	21,600,652	100.0%	7.9%

As at 30 June 2016, the maturity of the Group's net lease receivables was widely spread and provided the Group with consistent and sustainable cash inflows.

Quality of net lease receivables

The following table sets forth the classification of five categories (note) of the Group's net lease receivables:

	30 June 2016		31 December 2015		
	RMB'000 (Unaudited)	**% of total**	RMB'000 (Audited)	% of total	Change %
Pass	**19,626,307**	**84.18%**	18,242,578	84.45%	7.6%
Special mention	**3,507,428**	**15.04%**	3,189,810	14.77%	10.0%
Substandard	**136,883**	**0.59%**	123,592	0.57%	10.8%
Doubtful	**44,672**	**0.19%**	44,672	0.21%	0.0%
Loss	**–**	**–**	–	–	–
Net lease receivables	**23,315,290**	**100.00%**	21,600,652	100.00%	7.9%
Non-performing assets(1)	**181,555**		168,264		
Non-performing asset ratio(2)	**0.78%**		0.78%		

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

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

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

The Group has been implementing strong asset management policies with stringent and prudent asset classification policies adopted. As at 30 June 2016, the Group's assets under special mention category accounted for 15.04% of the total assets, representing an increase of 0.27 percentage point as compared to 14.77% at the end of last year. Non-performing assets amounted to RMB181.6 million, representing an increase of RMB13.3 million as compared to that at the end of last year.

The Group continuously improved its risk management system, adopted effective risk prevention measures and made greater efforts to clear and recover non-performing assets. As at 30 June 2016, the Group's non-performing asset ratio was 0.78%,

Ratio of overdue lease receivables

The following table sets forth the Group's ratio of lease receivables over 30 days overdue:

	30 June 2016 (Unaudited)	31 December 2015 (Audited)
Overdue ratio (over 30 days)(1)	**0.54%**	0.46%

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

During the first half of 2016, the Group implemented prudent risk control and asset management consistently and continued to improve the risk management system. As at 30 June 2016, the overdue ratio (over 30 days) was 0.54%, increased by 0.08 percentage point as compared to 0.46% at the end of last year, remaining at a low level.

Provision for impairment of lease receivables

The following table sets forth the distribution of provisions by the Group's assessment methodology:

	30 June 2016		31 December 2015	
	RMB'000 (Unaudited)	**% of total**	RMB'000 (Audited)	% of total
Allowance for asset impairment:				
Individually assessed	**74,016**	**22.5%**	64,383	22.3%
Collectively assessed	**254,485**	**77.5%**	224,137	77.7%
Total	**328,501**	**100.0%**	288,520	100.0%
Non-performing assets	**181,555**		168,264	
Provision coverage ratio	**180.94%**		171.47%	

The Group's provision coverage ratio increased from 171.47% at the end of last year to 180.94% as at 30 June 2016. With the expansion of its business, the Group's management believes that it is imperative to take more prudent measures to protect the Group against the systemic risks and move towards the international standards and practices. As such, the Group continuously increased its asset provision coverage ratio. 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 30 June 2016, the Group's total liabilities was RMB19,255.6 million, representing an increase of RMB1,478.9 million or 8.3% as compared to the end of last year.

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

	30 June 2016		31 December 2015		
	RMB'000 (Unaudited)	**% of total**	RMB'000 (Audited)	% of total	Change
Interest-bearing bank and other borrowings	**16,614,916**	**86.3%**	15,458,354	87.0%	7.5%
Trade payable	**263,855**	**1.4%**	94,773	0.5%	178.4%
Other payables and accruals	**2,238,454**	**11.6%**	2,093,421	11.7%	6.9%
Taxes payable	**67,000**	**0.3%**	65,217	0.4%	2.7%
Other liabilities	**71,327**	**0.4%**	64,916	0.4%	9.9%
Total	**19,255,552**	**100.0%**	17,776,681	100.0%	8.3%

3.2.1 Interest-bearing bank and other borrowings

During the first half of 2016, under the complicated domestic and overseas financial environments, the Group actively adjusted financing strategies and optimized its debt structure, resulting in continuous improvement of financing structures, further enhancement of financing capabilities and more reasonable arrangements of financing currencies and regions.

The Group's interest-bearing bank and other borrowings is mainly used to provide capital for its finance lease business. As at 30 June 2016, the Group's interest-bearing bank and other borrowings was RMB16,614.9 million, representing an increase of RMB1,156.6 million or 7.5% as compared to the end of 2015.

Breakdown of the interest-bearing and other borrowings by currency:

	30 June 2016		31 December 2015		
	RMB'000 (Unaudited)	% of total	RMB'000 (Audited)	% of total	Change
RMB	15,403,770	92.7%	14,269,715	92.3%	7.9%
USD	1,211,146	7.3%	1,188,639	7.7%	1.9%
Total	16,614,916	100.0%	15,458,354	100.0%	7.5%

As at 30 June 2016, the Group's interest-bearing bank and other borrowings denominated in RMB was RMB15,403.8 million, which accounted for 92.7% of its total interest-bearing bank and other borrowings, representing an increase of 0.4 percentage point as compared to 92.3% as at the end of 2015.

During the first half of 2016, the factors such as the slowdown of China's economic growth, the appreciation of USD and the Brexit resulted in depreciation of RMB against USD to certain extent. In order to control exchange rate risk, the Group continued to reduce the proportion of USD borrowings. 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 which effectively controlled the exchange rate risk.

Breakdown of the interest-bearing and other borrowings by region:

	30 June 2016		31 December 2015		
	RMB'000 (Unaudited)	% of total	RMB'000 (Audited)	% of total	Change
Domestic	13,688,024	82.4%	10,888,129	70.4%	25.7%
Overseas	2,926,892	17.6%	4,570,225	29.6%	-36.0%
Total	16,614,916	100.0%	15,458,354	100.0%	7.5%

As at 30 June 2016, the Group's domestic financing balance was RMB13,688.0 million, accounting for 82.4% of the total interest-bearing and other borrowings, representing an increase of 12.0 percentage points as compared to 70.4% as at 31 December 2015.

Since 2015, the domestic financing costs decreased significantly after the several cuts of interest rates by the People's Bank of China, while the overseas financing costs increased due to factors such as the rate hike of the Federal Reserve and the weakening RMB. As the overseas financing cost no longer has an advantage over the domestic cost, we shifted our focus to domestic financing to control and reduce the proportion of our overseas financing.

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

	30 June 2016		31 December 2015		
	RMB'000 (Unaudited)	% of total	RMB'000 (Audited)	% of total	Change
Current	**7,198,146**	**43.3%**	7,634,574	49.4%	-5.8%
Non-current	**9,416,770**	**56.7%**	7,823,780	50.6%	20.5%
Total	**16,614,916**	**100.0%**	15,458,354	100.0%	7.5%

As at 30 June 2016, the balance of the Group's current interest-bearing bank and other borrowings amounted to RMB7,198.1 million, accounting for 43.3% of its total interest-bearing bank and other borrowings, representing a decrease of 6.1 percentage points as compared to 49.4% as at the end of 2015. In order to prevent the liquidity risk and to secure the source of certain mid and long-term funds under the market environment with decreasing financing cost and sufficient liquidity, the Group proactively increased the proportion of non-current liabilities during the first half of 2016.

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

	30 June 2016		31 December 2015		
	RMB'000 (Unaudited)	% of total	RMB'000 (Audited)	% of total	Change
Secured	**5,502,632**	**33.1%**	6,009,325	38.9%	-8.4%
Unsecured	**11,112,284**	**66.9%**	9,449,029	61.1%	17.6%
Total	**16,614,916**	**100.0%**	15,458,354	100.0%	7.5%

As at 30 June 2016, the Group's secured interest-bearing bank and other borrowings amounted to RMB5,502.6 million, accounting for 33.1% of the total interest-bearing bank and other borrowings. It represents a decrease of 5.8 percentage points as compared to 38.9% as at the end of 2015. The Group's secured assets were mainly finance lease assets and the decrease in its proportion indicated further improvement of the Group's own financing capabilities.

Breakdown of the direct financing and indirect financing in interest-bearing bank and other borrowings:

	30 June 2016		31 December 2015		
	RMB'000 (Unaudited)	**% of total**	RMB'000 (Audited)	% of total	Change
Direct financing	**4,992,822**	**30.1%**	4,297,487	27.8%	16.2%
Indirect financing	**11,622,094**	**69.9%**	11,160,867	72.2%	4.2%
Total	**16,614,916**	**100.0%**	15,458,354	100.0%	7.5%

As at 30 June 2016, among the Group's interest-bearing bank and other borrowings, the direct financing amounted to RMB4,992.8 million, accounting for 30.1% of the total interest-bearing bank and other borrowings, representing an increase of 2.3 percentage points as compared to 27.8% as at the end of 2015. In order to take full advantage of the good liquidity and cost advantages in the domestic debt capital market, the Group issued medium-term notes with a total of RMB850.0 million in the domestic inter-bank bond market during the first half of 2016 and secured an issuance quota of RMB850.0 million of short-term financing bonds and RMB2,200.0 million of corporate bonds.

3.2.2 Other payables and accruals

Other payables and accruals primarily comprise the lease deposits paid by customers, the accrued interests on borrowings, as well as the accrued salary and welfare payables. As at 30 June 2016, other payables and accruals amounted to RMB2,238.5 million, representing an increase of RMB145.0 million or 6.9% 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

As at 30 June 2016, the Group's total equity amounted to RMB6,091.6 million, representing an increase of RMB210.4 million or 3.6% as compared to that as at the end of last year which was mainly due to the increase in profit for the period.

4. CASH FLOWS ANALYSIS

	For the six months ended 30 June		
	2016 **RMB'000** **(Unaudited)**	2015 RMB'000 (Unaudited)	Change
Net cash flows used in operating activities	**(900,856)**	(2,162,397)	-58.3%
Net cash flows used in investing activities	**(2,250)**	(6,474)	-65.2%
Net cash flows from financing activities	**826,827**	2,322,304	-64.4%
Effect of exchange rate changes on cash and cash equivalents	**23,406**	204	11,373.5%
Net increase in cash and cash equivalents	**(52,873)**	153,637	-134.4%

Corresponding to the Group's business expansion and an increase in the balance of interest-earning assets for the first half of 2016, net cash outflows from operating activities amounted to RMB900.9 million. Correspondingly, the Group increased its cash inflow from financing activities such as bank and other borrowings, net cash inflow from financing activities amounting to RMB826.8 million. Net cash outflows from investing activities amounted to RMB2.3 million, mainly attributed to the acquisition of properties and equipment and other long-term assets.

5. CAPITAL MANAGEMENT

The primary objective of the Group's capital management activities is to maintain healthy capital ratios in order to support the Group's business and to maximize shareholder benefits. The Group uses debt ratio and gearing ratio to monitor its capital status. In the first half of 2016, no changes were made to the Group's objectives, policies or processes for managing capital.

Debt ratio:

	30 June 2016 RMB'000 (Unaudited)	31 December 2015 RMB'000 (Audited)
Total assets	**25,347,178**	23,657,881
Total liabilities	**19,255,552**	17,776,681
Total equity	**6,091,626**	5,881,200
Debt ratio	**75.97%**	75.14%

Gearing ratio:

	30 June 2016 RMB'000 (Unaudited)	31 December 2015 RMB'000 (Audited)
Interest-bearing bank and other borrowings	**16,614,916**	15,458,354
Total equity	**6,091,626**	5,881,200
Gearing ratio	**2.73**	2.63

As at 30 June 2016, the Group's debt ratio and gearing ratio have increased slightly 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. During the first half of 2016, the Group had capital expenditure of RMB2.8 million, which primarily consisted of related expenses for purchase of office equipment and office renovation costs.

Use of Proceeds from the Initial Public Offering

The Company's shares were listed on the Stock Exchange on 8 July 2015. After the partial exercise of the over-allotment option, and deducting underwriting commissions and all related expenses, the net proceeds from the initial public offering amounted to approximately RMB2,776 million. For the six months ended 30 June 2016, the Group did not change its plan on the use of proceeds as stated in the Prospectus of the Company dated 24 June 2015.

7. RISK MANAGEMENT

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

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

7.1 Interest Rate Risk

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

A principal part of the Group's management of interest rate risk is to monitor the sensitivity of projected net interest income under varying interest rate scenarios (simulation 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 measure.

The following table sets forth a sensitivity analysis to a reasonably possible change in interest rate, with all other variables unchanged, to the Group's profit before tax. The sensitivity of the profit before tax is the effect of the assumed changes in interest rates on profit before tax, based on the financial assets and financial liabilities held at the end of each reporting period subject to repricing within the coming year.

	Increase/(decrease) in profit before tax	
	30 June 2016 RMB'000 (Unaudited)	31 December 2015 RMB'000 (Audited)
Change in base points		
+ 100 base points	**116,077**	92,855
- 100 base points	**(116,077)**	(92,855)

7.2 Currency Risk

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate due to changes in foreign exchange rates. The Group conducts its businesses mainly in RMB, with certain transactions denominated in USD, and also other currencies to a lesser extent. The Group's currency risk mainly arises from the transactions in foreign currencies excluding RMB. The Group seeks to limit its exposure to foreign currency risk by minimising its net foreign currency position.

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

The following table sets forth a sensitivity analysis to a reasonably possible change in exchange rate to the Group's profit before tax:

		Increase/(decrease) in profit before tax	
	Change in foreign exchange rate %	**30 June 2016 RMB'000 (Unaudited)**	31 December 2015 RMB'000 (Audited)
If RMB strengthens against USD/HKD	(1)	**(368)**	(984)
If RMB weakens against USD/HKD	1	**368**	984

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.

7.3 Credit Risk

Credit risk is the risk of loss arising from a lessee's or counterparty's inability to meet its obligations. The Group enters into transactions only with the recognised and creditworthy third parties. In accordance with the policy of the Group, the Group examines and verifies the credit risk of all customers that the Group has credit transactions with. Besides, the Group monitors and controls the lease receivables regularly to mitigate the risk of significant exposure from bad debts. Other financial assets of the Group include cash and bank deposits, accounts receivable and other receivables. The credit risk of these financial assets arises from the counterparty's inability to meet its obligations. The maximum exposure to credit risk equals to the carrying amounts of these assets.

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 is 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

Under the overall risk management framework, the Group fully participated in the asset management works, with multi-sectorial coordination and collaboration, to maintain the safety of assets and improve the asset quality. 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:

Continue to improve the management process after the lease and regularly monitor the asset portfolio

The Group continued to improve the management process after the lease and strengthened the coordination of various departments to ensure the rent collection and the collateral security, as well as enhancing asset quality. During the period, the Group would constantly monitor the collection of rental payments from our customers. For projects with overdue lease receivables, we would 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, with the aim of providing more value-added services. Through on-site visits, the customers will be urged to more consciously pay the rent on time and they will be willing to communicate with the Group.

Material event handling and reporting procedures

The Group implements a material event reporting system. If any material negative event occurs to customers, the major department should take the lead and collaborate and coordinate with various departments to actively respond to the situation. Meanwhile, 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 lease 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:

	30 June 2016		31 December 2015	
	RMB'000 (Unaudited)	**% of total**	RMB'000 (Audited)	% of total
Healthcare	**17,409,657**	**74.7%**	16,692,512	77.3%
Education	**5,228,726**	**22.4%**	4,076,706	18.9%
Others	**676,907**	**2.9%**	831,434	3.8%
Total	**23,315,290**	**100.0%**	21,600,652	100.0%

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 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:

	30 June 2016 RMB'000 (Unaudited)	31 December 2015 RMB'000 (Audited)
Net lease receivables	**22,837,098**	21,393,331
Accounts receivable	**4,805**	4,826
Notes receivable	**6,000**	–
Deposits and other receivables	**20,512**	96,709
Available-for-sale investment	**64,916**	64,916
Derivative financial assets	**224**	28

As at 30 June 2016 and 31 December 2015, the financial assets which are past due but are not considered impaired amounted to RMB296.6 million and RMB39.1 million, respectively. The days overdue are analysed as below:

	Less than 90 days RMB'000	90 days to 1 year RMB'000	1 year to 3 years RMB'000	Over 3 years RMB'000	Total RMB'000
			As at 30 June 2016 (Unaudited)		
Net lease receivables	**296,637**	**–**	**–**	**–**	**296,637**
			As at 31 December 2015 (Audited)		
Net lease receivables	39,057	–	–	–	39,057

Lease receivables that were past due but not impaired related to a number of customers that have good track records with the Group. Based on the past experience, the Directors are of the view that these balances are not considered impaired as there has not been a significant impact on credit rating and the balances are still considered fully recoverable. Lease receivables of RMB237.0 million, among the balance of past due but not impaired assets as at 30 June 2016, were recovered in July 2016.

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

	30 June 2016 RMB'000 (Unaudited)	31 December 2015 RMB'000 (Audited)
Net lease receivables	**181,555**	168,264

Impaired lease receivables are defined as those lease receivables having 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 summarise the maturity profile of the Group's financial assets and liabilities based on the contractual undiscounted cash flows:

	On demand RMB'000	Less than 3 months RMB'000	3 to 12 months RMB'000	1 to 5 years RMB'000	Over 5 years RMB'000	Total RMB'000
	As at 30 June 2016 (Unaudited)					
Total financial assets	**1,937,306**	**1,857,310**	**6,077,305**	**19,612,820**	**302,795**	**29,787,536**
Total financial liabilities	**(67,422)**	**(1,724,303)**	**(6,707,488)**	**(12,046,187)**	**(55,095)**	**(20,600,495)**
Net liquidity gap(1)	**1,869,884**	**133,007**	**(630,183)**	**7,566,633**	**247,700**	**9,187,041**
	As at 31 December 2015 (Audited)					
Total financial assets	1,937,596	1,844,212	5,780,383	18,190,481	2,715	27,755,387
Total financial liabilities	(6,225)	(2,104,131)	(6,446,741)	(10,345,528)	–	(18,902,625)
Net liquidity gap(1)	1,931,371	(259,919)	(666,358)	7,844,953	2,715	8,852,762

(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.

The Group replaced part of short-term borrowings with long-term borrowings through the financing structural adjustment during the first half of 2016. Therefore, the durations of financial assets and liabilities match more closely.

8. PLEDGE OF GROUP ASSETS

As at 30 June 2016, the Group had lease receivables of RMB6,271.4 million and cash of RMB132.6 million pledged or paid to banks to secure the bank borrowings.

9. MAJOR INVESTMENT, ACQUISITIONS AND DISPOSALS

For the six months ended 30 June 2016, the Group did not have any major investment or significant acquisitions and disposals.

10. CIRCUMSTANCES INCLUDING CONTRACTUAL OBLIGATIONS, CONTINGENT LIABILITIES AND CAPITAL COMMITMENT

10.1 Contingent Liabilities

	30 June 2016 RMB'000 (Unaudited)	31 December 2015 RMB'000 (Audited)
Legal proceedings		
Claimed amounts	**1,278**	1,278

10.2 Capital Commitments and Credit Commitments

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

	30 June 2016 RMB'000 (Unaudited)	31 December 2015 RMB'000 (Audited)
Contracted but not allocated capital expenditure	**373**	5,628
Credit commitments[1]	**447,491**	804,604

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

11. HUMAN RESOURCES

As at 30 June 2016, the Group had a total of 426 full-time employees.

We have a highly educated and high quality work force, with about 87.8% of our employees holding bachelor's degrees or above, about 47.2% holding master's degrees or above and about 2.4% holding doctor's degrees as at 30 June 2016. 139 employees or 32.6% of our total employees have medical background.

In the first half of 2016 and 2015, we incurred employment benefit expenses (including statutory social insurance, housing fund obligations and supplementary pension) of RMB17.6 million and RMB14.0 million respectively, representing 1.4% and 1.4% of our revenue during the periods respectively.

We have established and implemented a flexible and efficient employee incentive compensation plan to link the remuneration of our employees to their overall performance and contribution to the Company. We have established a remuneration and award system based on their overall performance and accomplishment of work targets. We promote employees based on their positions, service term and overall performance by category into professional or managerial group, which provide employees with a clear career path. We appraise employees above supervisor level on an annual basis according to business objectives, organization construction and team targets.

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. For the six months ended 30 June 2016, we had complied with all statutory social insurance and housing fund obligations applicable to us under PRC laws in all material aspects.

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

As at 30 June 2016, the interests or short positions of the Directors and the chief executives 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 were recorded in the register required to be kept by the Company 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	Position	Total number of ordinary shares	Approximate 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 45 of this interim report for details of Mr. Zhang Yichen's interest in Shares of the Company.

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

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

Save as disclosed above, as at 30 June 2016, none of the Directors and chief executive of the Company had any interests or short positions in any shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which were recorded in the register required to be kept by the Company 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 30 June 2016, the following persons (other than the Directors and chief executive of the Company) had interests or short positions in the Shares or underlying Shares as recorded in the register required to be kept by the Company under Section 336 of the SFO:

Long Positions in the Shares and the underlying Shares of the Company

Name of shareholder	Nature of interest	Total number of ordinary shares	Approximate percentage of interest held in the Company
GT-HK *(Note 1)*	Beneficial owner	584,000,395	34.03%
GT-PRC *(Note 1)*	Interest of controlled corporation	647,478,700	37.73%
CITIC Capital *(Note 2)*	Beneficial owner	244,326,695	14.24%
CITIC Capital China Partners II, L.P. *(Note 2)*	Interest of controlled corporation	244,326,695	14.24%
CCP II GP Ltd. *(Note 2)*	Interest of controlled corporation	244,326,695	14.24%
CCP LTD. *(Note 2)*	Interest of controlled corporation	244,326,695	14.24%
CITIC Capital Partners Limited *(Note 2)*	Interest of controlled corporation	244,326,695	14.24%
CITIC Capital Holdings Limited *(Note 2)*	Interest of controlled corporation	244,326,695	14.24%
CP Management Holdings Limited *(Note 2)*	Interest of controlled corporation	244,326,695	14.24%
Central Huijin Investment Ltd. *(Note 3)*	Interest of controlled corporation	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 the name of GT-HK and 63,478,305 Shares are registered under the name of China General Consulting & Investment (Hong Kong) Co., Limited ("CGCI-HK"). The entire issued share capital of GT-HK is ultimately owned by GT-PRC and the entire issued share capital of CGCI-HK is directly held by China General Consulting & Investment Co., Limited, which in turn, is wholly-owned by GT-PRC. By virtue of the SFO, GT-PRC is deemed to be interested in a total of 647,478,700 Shares held by GT-HK and CGCI-HK.

(2) CITIC Capital Leasing is wholly-owned by CITIC Capital China Partners II, L.P. ("CITIC Partners"). The general partner of CITIC Partners is CCP II GP Limited ("CCPII"), CCPII 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 owned by ICBCI and 74,269,615 Shares are owned by 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 owned 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 78.58% owned by Chow Tai Fook (Capital) Limited ("CTFC"), which is in turn held as to 48.98% by Cheng Yu Tung Family (Holdings) Limited ("CYTF") and as to 46.65% by Cheng Yu Tung Family (Holdings II) Limited ("CYTFII"). By virtue of the SFO, Healthcare Ventures, CTFE, CTFH, CTFC, CYTF and CYTFII are deemed to be interested in the same parcel of Shares in which Sonic Path is interested.

CORPORATE GOVERNANCE

CORPORATE GOVERNANCE CODE

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

During the period from 1 January 2016 to 30 June 2016, the Company has complied with all code provisions as set out in the CG Code save for the deviation from code provision A.4.2.

Code provision A.4.2 of the CG Code stipulates that every director, including those appointed for a specific term, should be subject to retirement by rotation at least once every three years. However, the Articles stipulate that the executive Directors shall not be subject to the rotational retirement provision, but 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.

In particular, the Company's compliance with the CG Code in relation to the amendments to provisions of risk management and internal control in the CG Code (which has come into effect for accounting periods beginning on or after 1 January 2016) is as follows:

1. Sound and improved risk management and internal control system

The Company has a comprehensive risk management and internal control system. The internal control system of the Company fully complies with the requirements under COSO Enterprise Risk Management Framework and the guidelines provided by the Hong Kong Institute of Certified Public Accountants in relation to risk management. Meanwhile, by drawing experience on benchmark firms and taking into account the actual circumstances and business characteristics of the Company, a control framework has been developed to evaluate the effectiveness and appropriateness of its internal control and risk management systems, which provides reasonable assurance in relation to operational effectiveness, reliability of its financial reports and compliance with laws and regulations.

2. Internal control department carrying out internal audit function

The Company has set up an internal control department and guaranteed independence in terms of its organization, staffing and work. In performing their duties, the internal control department may inspect all business and meet relevant personnel without restrictions.

Through the use of systematic and standardized audit procedures and approaches as well as regular procedures of assessment on internal control and risks, the internal control department evaluates the completeness and effectiveness of the internal control system of the Company on an ongoing basis. It reviews the risks identified, identifies potential risks in operation and makes recommendations on management improvement to ensure effective performance of the control system and foster continuous healthy development of the Company.

3. Features of risk management and internal control system

The Board identifies risk appetite and level of risk based on features of the industry in which the Company operates, so as to ensure comprehensive and effective risk management and internal control system. The management of the Company implements policies formulated by the Board in relation to risk management and internal control. The management of the Company is also responsible for identifying and evaluating risks as well as design, operation and supervision of effective risk management and internal control system. The management assures soundness and effectiveness of system whereas the Board supervises and hold accountable the management.

4. Effectiveness of the risk management and internal control system

Taking into account the result of internal control evaluation and prioritization of risk carried out annually, the internal control department formulates an annual plan for internal audit and discusses with the management to determine the annual plan for internal audit and deployment of resources.

In the first half of 2016, the internal control department has stepped up supervision of high risk areas in operation by initiating audit work on business and mitigating operational risks. In the meantime, the internal control department has expanded the coverage of audit work to include organizational management, financial, financing and IT sectors, which elevate the overall level of management of the Company. In order to ensure normal functioning of internal control system, the internal control department provides regular or irregular reports on audit work to the management.

To address the issues identified in an audit, the internal control department would make recommendations for rectification and request relevant departments to make commitments, specify the plans, approaches and to have them implemented. The internal control department would monitor and follow up the implementation of its recommendations to ensure improvements are made.

In 2015, in accordance with the "Basic Rules for Corporate Internal Control" (《企業內部控制基本規範》) jointly promulgated by Ministry of Finance of the PRC, China Securities Regulatory Commission, National Audit Office of the PRC, China Banking Regulatory Commission and China Insurance Regulatory Commission on 28 June 2008, the internal control department requested for evaluation on internal control and reviewed the rectification work for internal control issues during internal control assessment in 2014. With emphasis on key areas of concern and processes, we have a better picture of the current conditions of internal control by analyzing various internal control points relating to the business processes and unearthing defects and weaknesses of the internal control system for improvements in a timely manner. It ensures operations and management in compliance with laws and regulations as well as truthfulness and completeness of financial reports and relevant information, enhancing the efficiency and effectiveness of operation and safeguarding strategic development of the Company.

With a comprehensive internal control system, the Company has greatly enhanced its capability of risk management and control. To strengthen the management of substantial risks, the Company has developed an early warning mechanism and monitoring indicators. Related departments are responsible for identification and analysis on relevant risks to determine corresponding risk strategies based on risk tolerance. The risks faced by each business unit and its risk management and control system capabilities are reflected to the management in a timely manner, so as to minimize loss and enhance the Company's defensing capability against risks.

5. Inside information

The Board approved the implementation of "Manual for Disclosure of Inside Information and Information Required for Avoidance of False Market" (《披露內幕消息及避免虛假市場所需消息或資料手冊》) in June 2015. The Company has developed an effective monitoring system for inside information and reporting processes to ensure prompt identification and evaluation of substantial information and submission of the same to the board for determining whether to disclose such information. The Company has strictly complied with the Inside Information Provisions (as defined under the Listing Rules) under the SFO and the Listing Rules. All personnel involved have been aware of such requirement which ensure all market participants could obtain same information on an equal and simultaneous basis.

INDEPENDENT NON-EXECUTIVE DIRECTORS

On 29 February 2016, Mr. Lim Yean Leng resigned as an independent non-executive Director and a member of the Remuneration Committee. Subsequent to his resignation, the number of independent non-executive Directors did not represent at least one-third of the Board and the Remuneration Committee did 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 had taken appropriate measures to search for a suitable candidate to fill the casual vacancy. After Mr. Han Demin was appointed as an independent non-executive Director and a member of the Remuneration Committee (effective on 13 April 2016), the Company has complied with the requirements of Rules 3.10A and 3.25 of the Listing Rules.

MODEL CODE FOR SECURITIES TRANSACTIONS

The Company has adopted the Securities Dealing Code on terms no less exacting than the Model Code to regulate directors' and employees' dealings in the Company's securities.

Having made specific enquiry to all the Directors (including those Directors who resigned during the accounting period covered by this interim report), all of them confirmed that they have complied with the Model Code and the Securities Dealing Code throughout the period from 1 January 2016 or the date of his appointment as Director (whichever is later) and up to the date of his resignation as Director or 30 June 2016 (whichever is earlier).

AUDIT COMMITTEE

The Company has established the Audit Committee in compliance with Rules 3.21 and 3.22 of the Listing Rules. It comprises three members, namely Mr. Li Yinquan (chairman), Mr. Liu Xiaoping and Mr. Chow Siu Lui.

The Audit Committee has discussed with the management and reviewed the unaudited interim condensed consolidated financial statements of the Group for the six months ended 30 June 2016 and this interim report.

In addition, Ernst & Young, the external auditor of our Company, has independently reviewed the interim condensed consolidated financial statements of the Group for the six months ended 30 June 2016 in accordance with Hong Kong Standard on Review Engagements 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity".

DISCLOSURE UNDER SECTION 436 OF THE COMPANIES ORDINANCE

The financial information relating to the year ended 31 December 2015 that is included in these unaudited condensed consolidated financial statements for the six months ended 30 June 2016 as comparative information does not constitute the statutory annual consolidated financial statements of the Company for that year but is derived from those consolidated financial statements. Further information relating to these statutory financial statements required to be disclosed in accordance with section 436 of the Companies Ordinance is as follows:

The Company has delivered the consolidated financial statements for the year ended 31 December 2015 to the Registrar of Companies as required under section 662(3) of, and Part 3 of Schedule 6 to, the Companies Ordinance.

The Company's auditor has reported on the consolidated financial statements for the year ended 31 December 2015. The auditor's report was unqualified; did not include a reference to any matters to which the auditor drew attention by way of emphasis without qualifying its report; and did not contain a statement under sections 406(2), 407(2) or (3) of the Companies Ordinance.

OTHER INFORMATION

SHARE OPTION SCHEME

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

DIVIDEND

The Board has resolved not to declare any interim dividend for the six months ended 30 June 2016.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES OF THE COMPANY

Neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities during the six months ended 30 June 2016.

CHANGES IN DIRECTORS' BIOGRAPHICAL DETAILS

The changes in directors' biographical details which are required to be disclosed pursuant to rule 13.51B(1) of the Listing Rules are as follows:

1. Mr. Zhang Yichen no longer serves as an independent director of Weibo Corporation (whose shares are listed on the NASDAQ Stock Market) since 1 January 2016.

2. Mr. Li Yinquan no longer serves as 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)) since 28 June 2016.

DISCLOSURE REQUIRED UNDER RULE 13.18 OF THE LISTING RULES

As at 30 June 2016, other than the circumstances as disclosed in the Prospectus and the announcements of the Company dated 13 August 2015 and 22 April 2016 respectively required under Rule 13.18 of the Listing Rules, there were no other matters that give rise to a disclosure required under Rule 13.18 of the Listing Rules.

THE PUBLICATION OF THE INTERIM REPORT

This interim 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 interim 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 interim 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, Wanchai, Hong Kong or by sending an email to unimedical.ecom@computershare.com.hk.

REPORT ON REVIEW OF INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

EY 安永

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

INTRODUCTION

We have reviewed the accompanying interim condensed consolidated financial statements set out on pages 54 to 92, which comprise the interim condensed consolidated statement of financial position of Universal Medical Financial & Technical Advisory Services Company Limited (the "Company") and its subsidiaries (together, the "Group") as at 30 June 2016, and the related interim condensed consolidated statements of profit or loss, comprehensive income, changes in equity and cash flows for the six-month period then ended, and explanatory notes. The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited require the preparation of a report on interim financial information to be in compliance with the relevant provisions thereof and Hong Kong Accounting Standard 34 "Interim Financial Reporting" ("HKAS 34") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA").

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

SCOPE OF REVIEW

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

CONCLUSION

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

Ernst & Young
Certified Public Accountants
Hong Kong
23 August 2016

INTERIM CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the six months ended 30 June 2016

	Notes	For the six months ended 30 June 2016 (Unaudited) RMB'000	2015 (Unaudited) RMB'000
REVENUE	4	**1,251,076**	982,051
Cost of sales		**(465,356)**	(441,212)
Gross profit		**785,720**	540,839
Other income and gains	4	**3,890**	3,841
Selling and distribution costs		**(120,491)**	(73,025)
Administrative expenses		**(119,025)**	(101,624)
Other expenses		**(3,247)**	(2,282)
PROFIT BEFORE TAX	5	**546,847**	367,749
Income tax expense	6	**(157,302)**	(97,835)
PROFIT FOR THE PERIOD		**389,545**	269,914
Attributable to:			
The owners of the parent		**389,545**	269,914
EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT			
Basic and diluted (expressed in RMB per share)	8	**0.23**	0.21

INTERIM CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the six months ended 30 June 2016

	For the six months ended 30 June	
	2016	2015
	(Unaudited)	(Unaudited)
	RMB'000	RMB'000
PROFIT FOR THE PERIOD	**389,545**	269,914
OTHER COMPREHENSIVE INCOME		
Item not to be reclassified to profit or loss in subsequent periods:		
Exchange differences on translation of financial statements into presentation currency	–	513
Net other comprehensive income not to be reclassified to profit or loss in subsequent periods	–	513
OTHER COMPREHENSIVE INCOME FOR THE PERIOD, NET OF TAX	–	513
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	**389,545**	270,427
Attributable to:		
The owners of the parent	**389,545**	270,427

INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2016

	Notes	**30 June 2016 (Unaudited) RMB'000**	31 December 2015 (Audited) RMB'000
NON-CURRENT ASSETS			
Property, plant and equipment	9	**101,205**	89,586
Loans and accounts receivable	11	**16,888,660**	15,397,495
Prepayments, deposits and other receivables		**21,968**	106,930
Available-for-sale investments	10	**64,916**	64,916
Restricted deposits	12	**–**	14,055
Deferred tax assets		**42,626**	21,777
Other assets		**2,782**	–
Total non-current assets		**17,122,157**	15,694,759
CURRENT ASSETS			
Inventories		**4,936**	2,643
Loans and accounts receivable	11	**6,108,934**	5,919,463
Prepayments, deposits and other receivables		**42,034**	35,668
Derivative financial assets		**224**	28
Restricted deposits	12	**256,096**	139,650
Cash and cash equivalents	12	**1,812,797**	1,865,670
Total current assets		**8,225,021**	7,963,122
CURRENT LIABILITIES			
Trade payables	13	**263,855**	94,773
Other payables and accruals		**496,812**	356,739
Interest-bearing bank and other borrowings	14	**7,198,146**	7,634,574
Taxes payable		**67,000**	65,217
Total current liabilities		**8,025,813**	8,151,303
NET CURRENT ASSETS/(LIABILITIES)		**199,208**	(188,181)
TOTAL ASSETS LESS CURRENT LIABILITIES		**17,321,365**	15,506,578

	Notes	30 June 2016 (Unaudited) RMB'000	31 December 2015 (Audited) RMB'000
NON-CURRENT LIABILITIES			
Interest-bearing bank and other borrowings	14	**9,416,770**	7,823,780
Other payables and accruals		**1,741,642**	1,736,682
Deferred tax liabilities		**6,411**	–
Other liabilities		**64,916**	64,916
Total non-current liabilities		**11,229,739**	9,625,378
Net assets		**6,091,626**	5,881,200
EQUITY			
Share capital	15	**4,327,842**	4,327,842
Reserves	16	**1,763,784**	1,553,358
Total equity		**6,091,626**	5,881,200

Guo Weiping
Director

Peng Jiahong
Director

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2016

	Share capital RMB'000 (Note 15)	Capital reserve* RMB'000 (Note 16)	Statutory reserve* RMB'000 (Note 16)	Exchange fluctuation reserve* RMB'000 (Note 16)	Retained profits* RMB'000	Total RMB'000
At 1 January 2016 (Audited)	**4,327,842**	**23,938**	**186,828**	**29,248**	**1,313,344**	**5,881,200**
Profit for the period	**–**	**–**	**–**	**–**	**389,545**	**389,545**
Total comprehensive income for the period	**–**	**–**	**–**	**–**	**389,545**	**389,545**
Equity-settled share award arrangements	**–**	**9,364**	**–**	**–**	**–**	**9,364**
Dividends (Note 7)	**–**	**–**	**–**	**–**	**(188,483)**	**(188,483)**
At 30 June 2016 (Unaudited)	**4,327,842**	**33,302**	**186,828**	**29,248**	**1,514,406**	**6,091,626**

* These reserve accounts comprise the consolidated reserves of RMB1,763,784,000 (31 December 2015: RMB1,553,358,000) in the interim condensed consolidated statement of financial position.

For the six months ended 30 June 2015

	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 2015 (Audited)	1,579,905	4,742	119,128	1,223	722,501	2,427,499
Profit for the period	–	–	–	–	269,914	269,914
Other comprehensive income for the period:						
Exchange differences on translation of financial statement into presentation currency	–	–	–	513	–	513
Total comprehensive income for the period	–	–	–	513	269,914	270,427
Equity-settled share award arrangements	–	9,479	–	–	–	9,479
At 30 June 2015 (Unaudited)	1,579,905	14,221	119,128	1,736	992,415	2,707,405

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 June 2016

	Notes	For the six months ended 30 June 2016 (Unaudited) RMB'000	2015 (Unaudited) RMB'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before tax		**546,847**	367,749
Adjustments for:			
Finance costs	5	**455,781**	432,941
Interest income	4	**(3,156)**	(2,990)
Derivative instruments-transactions not qualifying as hedges:			
Unrealised fair value gains, net	5	**(196)**	(259)
Depreciation		**9,075**	7,976
Interest income from available-for-sale investments	4	**(533)**	(364)
Provision for impairment of lease receivables	11c	**39,981**	30,056
Foreign exchange loss/(gain), net		**727**	(132)
Equity-settled share-based compensation expense	17	**9,364**	9,479
		1,057,890	844,456
(Increase)/Decrease in inventories		**(2,293)**	459
Increase in loans and accounts receivable		**(1,723,564)**	(1,839,792)
Decrease in prepayments, deposits and other receivables		**67,055**	36,668
Decrease in amounts due from related parties		**3,466**	9,410
Increase in other assets		**(2,782)**	–
Increase/(Decrease) in trade payables		**168,412**	(644,284)
Increase in other payables and accruals		**115,879**	114,243
Decrease in amounts due to related parties		**(552)**	(102,460)
Net cash flows used in operating activities before tax and interest		**(316,489)**	(1,581,300)
Interest paid		**(417,566)**	(496,219)
Interest received		**3,156**	2,990
Income tax paid		**(169,957)**	(87,868)
Net cash flows used in operating activities		**(900,856)**	(2,162,397)

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 June 2016

	Notes	For the six months ended 30 June 2016 (Unaudited) RMB'000	2015 (Unaudited) RMB'000
CASH FLOWS FROM INVESTING ACTIVITIES			
Interest income from available-for-sale investments		**533**	364
Cash paid for acquisition of property, plant and equipment		**(2,783)**	(6,838)
Net cash flows used in investing activities		**(2,250)**	(6,474)
CASH FLOWS FROM FINANCING ACTIVITIES			
Increase in amounts due to related parties		**–**	1,250,000
Decrease in amounts due to related parties		**(500,000)**	(2,279,005)
Cash received from new borrowings		**7,952,029**	6,908,647
Repayments of borrowings		**(6,334,328)**	(3,512,795)
Cash paid for restricted deposits		**(129,366)**	(43,917)
Repayment of restricted deposits		**26,975**	7,638
Dividends paid		**(188,483)**	(8,264)
Net cash flows from financing activities		**826,827**	2,322,304
(DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS		**(76,279)**	153,433
Cash and cash equivalents at beginning of period		**1,865,670**	453,569
Effect of exchange rate changes on cash and cash equivalents		**23,406**	204
CASH AND CASH EQUIVALENTS AT END OF THE PERIOD		**1,812,797**	607,206
ANALYSIS OF CASH AND CASH EQUIVALENTS			
Cash and bank balances		**2,045,906**	713,112
Less: restricted deposits		**(233,109)**	(105,906)
Cash and cash equivalents as stated in the statement of financial position	12	**1,812,797**	607,206
Cash and cash equivalents as stated in the statement of cash flows	12	**1,812,797**	607,206

1. CORPORATE INFORMATION

Universal Medical Financial & Technical Advisory Services Company Limited (the "Company") is a limited liability company which was incorporated in Hong Kong on 19 April 2012. Pursuant to the special resolutions of shareholders dated 6 February 2015 and 10 June 2015, respectively, the Company changed its name from Universal International Leasing Co., Limited to Universal Medical Services & Health Management Company Limited and then to Universal Medical Financial & Technical Advisory Services Company Limited. The registered office of the Company is located at Room 702, Fairmont House, 8 Cotton Tree Drive, Central, Hong Kong. The Company's shares have been listed on the Main Board of The Stock Exchange of Hong Kong Limited (the "Stock Exchange") since 8 July 2015.

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

2. BASIS OF PREPARATION AND ACCOUNTING POLICIES

2.1 Basis of preparation

The interim condensed consolidated financial statements for the six months ended 30 June 2016 are prepared in accordance with Hong Kong Accounting Standard ("HKAS") 34 "Interim Financial Reporting".

The interim condensed consolidated financial statements do not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the Group's audited financial statements for the year ended 31 December 2015, which has been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRS") and included in the 2015 annual report of the Company.

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

2. BASIS OF PREPARATION AND ACCOUNTING POLICIES (CONTINUED)

2.2 Significant accounting policies

Adoption of new standards and amendments

The accounting policies adopted in the preparation of the interim condensed consolidated financial statements are the same as those used in the Group's financial statements for the year ended 31 December 2015, except in relation to the following new standards and amendments which are adopted by the Group for the first time for the current period's financial statements:

HKFRS 14	*Regulatory Deferral Accounts*
Amendments to HKFRS 11	*Accounting for Acquisitions of Interests In Joint Operations*
Amendments to HKAS 16 and HKAS 38	*Clarification of Acceptable Methods of Depreciation and* Amortisation
Amendments to HKAS 16 and HKAS 41	*Agriculture: Bearer Plants*
Amendments to HKAS 27	*Equity Method in Separate Financial Statements*
Annual Improvements 2012-2014 Cycle	*Amendments to a number of HKFRSs*
Amendments to HKAS 1	*Disclosure Initiative*
Amendments to HKFRS 10, HKFRS 12 and HKAS 28	*Investment Entities: Applying the Consolidation Exception*

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

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

3. OPERATING SEGMENT INFORMATION

The Group is principally engaged in providing financing to its customers under finance lease arrangements, the provision of advisory services, sales 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 them into different operating segments.

Geographical information

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

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

Information about a major customer

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

4. 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 period.

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

	For the six months ended 30 June	
	2016	2015
	(Unaudited)	(Unaudited)
	RMB'000	RMB'000
Revenue		
Finance lease income	**921,496**	703,943
Service fee income	**320,602**	278,908
Operating lease income	**10,783**	7,562
Sale of goods	**4,573**	549
Others	**2,646**	447
Business tax and surcharges	**(9,024)**	(9,358)
	1,251,076	982,051
Other income and gains		
Interest income from bank deposits	**3,156**	2,990
Foreign exchange gain	**–**	132
Interest income from available-for-sale investments	**533**	364
Derivative instruments		
– Transactions not qualifying as hedges:		
– Unrealised fair value gains, net	**196**	259
Others	**5**	96
	3,890	3,841

5. PROFIT BEFORE TAX

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

	Note	For the six months ended 30 June 2016 (Unaudited) RMB'000	2015 (Unaudited) RMB'000
Cost of borrowings included in cost of sales		**455,781**	432,941
Cost of inventories sold		**1,874**	292
Cost of operating leases		**7,701**	7,495
Depreciation		**1,374**	481
Rental expenses		**10,663**	8,248
Listing expenses		**–**	16,344
Employee benefit expense (Including directors' remuneration)			
– Wages and salaries		**113,694**	64,245
– Equity-settled share-based compensation expenses	17	**9,364**	9,479
– Pension scheme contributions		**11,522**	9,114
– Other employee benefits		**8,772**	6,885
		143,352	89,723
Impairment of loans and accounts receivable		**39,981**	30,056
Foreign exchange loss/(gain)		**1,508**	(132)
Derivative instruments			
– Transactions not qualifying as hedges:			
– Unrealised fair value gains, net		**(196)**	(259)
– Realised fair value losses, net		**570**	1,810

6. INCOME TAX EXPENSE

	For the six months ended 30 June	
	2016	2015
	(Unaudited)	(Unaudited)
	RMB'000	RMB'000
Current – Mainland China		
Charge for the period	**165,778**	95,976
Underprovison/(Overprovision) in prior years	**5,962**	(124)
Deferred tax	**(14,438)**	1,983
Total tax charge for the period	**157,302**	97,835

Hong Kong profits tax is provided at the rate of 16.5% (six months ended 30 June 2015: 16.5%) on the estimated assessable profits arising in Hong Kong. No provision for Hong Kong profits tax has been made as the Group had no assessable profits arising in Hong Kong for the six months ended 30 June 2016 (six months ended 30 June 2015: Nil).

The income tax provision of the Group in respect of its operations in mainland China has been calculated at the applicable tax rate of 25% (six months ended 30 June 2015: 25%) on the estimated assessable profits for the six months ended 30 June 2016, based on existing legislation, interpretations and practices in respect thereof.

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

6. INCOME TAX EXPENSE (CONTINUED)

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

	For the six months ended 30 June	
	2016	2015
	(Unaudited)	(Unaudited)
	RMB'000	RMB'000
Profit before tax	**546,847**	367,749
At PRC statutory income tax rate of 25%	**136,712**	91,937
Lower tax rate enacted by local authority	**2,424**	1,784
Expenses not deductible for tax purpose	**3,398**	3,917
Income not subject to tax	**–**	(1)
Adjustment on current income tax in respect of prior years	**5,962**	(124)
Unrecognised tax losses	**2,395**	322
Effect of withholding tax on the distributable profits of the Group's PRC subsidiaries	**6,411**	–
Income tax expense as reported in the condensed consolidated statement of profit or loss	**157,302**	97,835

7. DIVIDENDS

A final dividend of HK$0.13 per share totalling HK$223,120,000 (equivalent to RMB188,483,000) in respect of the year ended 31 December 2015 was approved by the annual general meeting of the Company held on 7 June 2016 and has been paid on 27 June 2016.

The board of directors resolved not to declare any interim dividend to shareholders in respect of the period for the six months ended 30 June 2016 (six months ended 30 June 2015: Nil).

8. EARNINGS PER SHARE

Basic earnings per share for the six months ended 30 June 2016 and 2015 are calculated by dividing the profits attributable to ordinary equity holders of the parent by the weighted average numbers of ordinary shares in issue during the respective periods, calculated as follows, which have been adjusted retrospectively for the share split on 11 June 2015 as described in note 15(a) to the financial statements.

The calculation of basic earnings per share is based on:

Earnings

	For the six months ended 30 June	
	2016	2015
	(Unaudited)	(Unaudited)
	RMB'000	RMB'000
Profit attributable to ordinary equity holders of the parent, used in the basic earnings per share calculation	**389,545**	269,914

Shares

	Number of shares For the six months ended 30 June	
	2016	2015
	(Unaudited)	(Unaudited)
Weighted average number of ordinary shares in issue during the period, used in the basic earnings per share calculation	**1,716,304,580**	1,269,566,080

Dilutive earnings per share for the six months ended 2016 and 2015 is the same as the basic earnings per share as there were no potential dilute ordinary shares outstanding.

9. PROPERTY, PLANT AND EQUIPMENT

During the six months ended 30 June 2016, the Group acquired property, plant and equipment at a total cost of RMB20,694,000 (six months ended 30 June 2015: RMB6,838,000). No property, plant and equipment of the Group was disposed during the six months ended 30 June 2016 (six months ended 30 June 2015: Nil).

10. AVAILABLE-FOR-SALE INVESTMENTS

	30 June 2016 (Unaudited) RMB'000	31 December 2015 (Audited) RMB'000
Asset-backed securities	**64,916**	64,916

As at 30 June 2016, the Group invested in asset-backed securities which were issued by special purpose trusts. Details of the asset-backed securities are disclosed in note 23 to the interim condensed consolidated financial statements.

11. LOANS AND ACCOUNTS RECEIVABLE

	30 June 2016 (Unaudited) RMB'000	31 December 2015 (Audited) RMB'000
Loans and accounts receivable due within one year	**6,108,934**	5,919,463
Loans and accounts receivable due after one year	**16,888,660**	15,397,495
	22,997,594	21,316,958

11a. Loans and accounts receivable by nature

	30 June 2016 (Unaudited) RMB'000	31 December 2015 (Audited) RMB'000
Gross lease receivables (note 11b)*	**27,907,718**	25,812,062
Less: Unearned finance income	**(4,592,428)**	(4,211,410)
Net lease receivables (note 11b)*	**23,315,290**	21,600,652
Accounts receivable (note 11d)*	**4,805**	4,826
Bills receivable*	**6,000**	–
Subtotal of loans and accounts receivable	**23,326,095**	21,605,478
Less:		
Provision for lease receivables (note 11c)	**(328,501)**	(288,520)
	22,997,594	21,316,958

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

11. LOANS AND ACCOUNTS RECEIVABLE (CONTINUED)

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

	30 June 2016 (Unaudited) RMB'000	31 December 2015 (Audited) RMB'000
Gross lease receivables		
Within 1 year	**16,236,988**	12,979,870
1 to 2 years	**6,740,389**	7,477,834
2 to 3 years	**3,158,835**	3,968,858
3 years and beyond	**1,771,506**	1,385,500
Total	**27,907,718**	25,812,062
Net lease receivables		
Within 1 year	**13,114,619**	10,491,029
1 to 2 years	**5,791,142**	6,321,105
2 to 3 years	**2,835,940**	3,533,236
3 years and beyond	**1,573,589**	1,255,282
Total	**23,315,290**	21,600,652

11. LOANS AND ACCOUNTS RECEIVABLE (CONTINUED)

11b(2). The table below illustrates the gross and net amounts of lease receivables the Group expects to receive in the following consecutive accounting years:

	30 June 2016 (Unaudited) RMB'000	31 December 2015 (Audited) RMB'000
Gross lease receivables		
Due within 1 year	**7,894,234**	7,641,809
Due in 1 to 2 years	**7,083,197**	6,553,370
Due in 2 to 3 years	**5,776,485**	5,179,680
Due after 3 years and beyond	**7,153,802**	6,437,203
Total	**27,907,718**	25,812,062
Net lease receivables		
Due within 1 year	**6,230,332**	6,036,410
Due in 1 to 2 years	**5,726,883**	5,301,893
Due in 2 to 3 years	**4,882,537**	4,395,572
Due after 3 years and beyond	**6,475,538**	5,866,777
Total	**23,315,290**	21,600,652

11. LOANS AND ACCOUNTS RECEIVABLE (CONTINUED)

11c. CHANGE IN PROVISION FOR LEASE RECEIVABLES

	Individually assessed			Collectively assessed			Total		
	30 June 2016 RMB'000 (Unaudited)	30 June 2015 RMB'000 (Unaudited)	31 December 2015 RMB'000 (Audited)	**30 June 2016 RMB'000 (Unaudited)**	30 June 2015 RMB'000 (Unaudited)	31 December 2015 RMB'000 (Audited)	**30 June 2016 RMB'000 (Unaudited)**	30 June 2015 RMB'000 (Unaudited)	31 December 2015 RMB'000 (Audited)
At the beginning of period/year	**64,383**	57,199	57,199	**224,137**	162,271	162,271	**288,520**	219,470	219,470
Charge for the period/year	**9,633**	2,870	7,184	**30,348**	27,186	61,866	**39,981**	30,056	69,050
At the end of period/year	**74,016**	60,069	64,383	**254,485**	189,457	224,137	**328,501**	249,526	288,520

Note: As at 30 June 2016, the amount of the gross lease receivables pledged as security for the Group's borrowings was RMB6,271,410,000 (31 December 2015: RMB7,530,865,000) (see note 14a).

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

	30 June 2016 (Unaudited) RMB'000	31 December 2015 (Audited) RMB'000
Within 1 year	**–**	21
After 1 year and beyond	**4,805**	4,805
Total	**4,805**	4,826

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

11. LOANS AND ACCOUNTS RECEIVABLE (CONTINUED)

11e. BALANCES WITH RELATED PARTIES

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

Name		**30 June 2016 (Unaudited) RMB'000**	31 December 2015 (Audited) RMB'000
Gross lease receivables:			
Harbin Measuring & Cutting Tool Group Co., Ltd.		**6,575**	13,249
Changsha Haliang Kaishuai Precision Machinery Co., Ltd.		**2,529**	5,096
Net lease receivables:			
Harbin Measuring & Cutting Tool Group Co., Ltd.	(i)	**6,517**	12,979
Changsha Haliang Kaishuai Precision Machinery Co., Ltd.	(i)	**2,507**	4,992
Accounts receivable:			
China National Instruments Import & Export (Group) Corporation	(ii)	**1,805**	1,805
Bills receivable:			
Harbin Measuring & Cutting Tool Group Co., Ltd.	(iii)	**3,433**	–
Changsha Haliang Kaishuai Precision Machinery Co., Ltd.	(iii)	**2,567**	–

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

(i) The balances of net lease receivables were interest-bearing at an annual interest rate of 4.75% (31 December 2015: 4.75%~6.01%).

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

(iii) The balances with the related parties are unsecured, interest-free and repayable in one year.

12. CASH AND CASH EQUIVALENTS AND RESTRICTED DEPOSITS

	30 June 2016 (Unaudited) RMB'000	31 December 2015 (Audited) RMB'000
Cash and bank balances	**2,045,906**	1,994,723
Time deposits	**22,987**	24,652
	2,068,893	2,019,375
Less:		
Restricted deposits	**(256,096)**	(153,705)
Cash and cash equivalents	**1,812,797**	1,865,670

As at 30 June 2016, the cash and bank balances of the Group denominated in RMB amounted to RMB785,821,000 (31 December 2015: RMB698,098,000). RMB is not freely convertible into other currencies, however, under mainland China's Foreign Exchange Control Regulations and Administration of Settlement, Sale and Payment of Foreign Exchange Regulations, the Group is permitted to exchange RMB for other currencies through banks authorised to conduct foreign exchange business.

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

As at 30 June 2016, cash of RMB132,640,000 (31 December 2015: RMB105,631,000) was pledged for bank and other borrowings (see note 14a).

As at 30 June 2016, cash of RMB123,456,000 (31 December 2015: RMB48,074,000) 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 23. The cash collected by the Group from the associated finance lease contracts of the securitisations has to be passed on to the investors of the asset-backed securities without material delay.

As at 30 June 2016, cash of RMB236,874,000 (31 December 2015: RMB378,797,000) was deposited with Genertec Finance Co., Ltd., a related party.

13. TRADE PAYABLES

	30 June 2016 (Unaudited) RMB'000	31 December 2015 (Audited) RMB'000
Trade payables	**263,147**	94,735
Due to related parties (note 13a)	**708**	38
	263,855	94,773

The trade payables are non-interest-bearing and are repayable within one year or repayable based on the payment schedules agreed between the Group and the respective parties.

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

	30 June 2016 (Unaudited) RMB'000	31 December 2015 (Audited) RMB'000
Within 1 year	**243,536**	81,759
1 to 2 years	**10,045**	161
2 to 3 years	**3,890**	5,555
Over 3 years	**6,384**	7,298
	263,855	94,773

13a. Balances with Related Parties

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

	30 June 2016 (Unaudited) RMB'000	31 December 2015 (Audited) RMB'000
Trade payables:		
General Technology Group International Logistic Company Limited	**37**	–
Genertec Italia s.r.l.	**671**	38
	708	38

The above related parties are subsidiaries of Genertec Group.

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

14. INTEREST-BEARING BANK AND OTHER BORROWINGS

	30 June 2016 (Unaudited)			31 December 2015 (Audited)		
	Effective annual interest rate (%)	Maturity	RMB'000	Effective annual interest rate (%)	Maturity	RMB'000
Current:						
Bank loans – unsecured	1.84~4.79	2016~2017	1,879,091	1.84~5.74	2016	3,079,092
Other loans – secured	5.00	2016	360,000	–	–	–
– unsecured	4.80	2017	100,000	–	–	–
Current portion of long-term bank loans:						
– secured	4.28~5.51	2016~2017	957,285	4.75~6.60	2016	862,102
– unsecured	3.39~5.25	2016~2017	1,128,406	3.60~6.30	2016	1,844,936
Current portion of long-term other loans:						
– secured	5.25	2016~2017	4,279	5.25	2016	9,216
Finance lease payable						
– secured	4.75~5.56	2016~2017	286,480	4.75~5.56	2016	303,040
Bonds payable						
– secured	5.70	2016~2017	1,583,385	4.80	2016	138,180
– unsecured	3.80~3.85	2016	899,220	3.80~3.85	2016	898,008
Due to related parties						
– unsecured	–	–	–	4.35	2016	500,000
			7,198,146			7,634,574
Non-current:						
Bank loans – secured	4.28~5.51	2017~2020	1,478,234	4.75~6.60	2017~2020	1,527,020
– unsecured	3.35~5.25	2017~2019	3,859,936	3.08~6.30	2017~2018	2,229,423
Other loans – secured	–	–	–	4.80~5.25	2017	601,400
– unsecured	5.00	2017~2019	1,500,000	–	–	–
Bonds payable						
– secured	5.20~6.43	2017~2020	764,586	5.20~6.43	2017~2020	2,363,729
– unsecured	4.08~4.69	2017~2019	1,745,631	4.69	2018	897,570
Finance lease payables						
– secured	4.75~5.56	2017	68,383	4.75~5.56	2016~2018	204,638
			9,416,770			7,823,780
			16,614,916			15,458,354

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

	30 June 2016 (Unaudited) RMB'000	31 December 2015 (Audited) RMB'000
Analysed into:		
Bank loans repayable:		
Within one year	**3,964,782**	5,786,130
In the second year	**1,994,884**	2,150,286
In the third to fifth years, inclusive	**3,343,286**	1,606,157
	9,302,952	9,542,573
Other borrowings repayable:		
Within one year	**3,233,364**	1,848,444
In the second year	**285,324**	2,405,338
In the third to fifth years, inclusive	**3,793,276**	1,661,999
	7,311,964	5,915,781
	16,614,916	15,458,354

Notes:

(a) As at 30 June 2016, the Group's bank and other borrowings secured by lease receivables were RMB5,502,632,000 (31 December 2015: RMB6,009,325,000), of which RMB3,656,983,000 (31 December 2015: RMB3,384,910,000) were also secured by cash and bank balances and time deposits; the Group's gross lease receivables pledged or charged as security for the Group's bank and other borrowings were RMB6,271,410,000 (31 December 2015: RMB7,530,865,000).

(b) During the year ended 31 December 2014, the Company's wholly-owned subsidiary Universal Number One Co., Ltd. issued bonds with an aggregate principal amount of RMB1,600,000,000 and a fixed coupon rate of 5.70% in Hong Kong (the "Bonds"). The Bonds were listed on the Stock Exchange and are due in 2017. The Company provides an unconditional and irrevocable guarantee in respect of the Bonds, which are also secured by the Group's lease receivables, time deposits and the shares of Universal Number One Co., Ltd.. As at 30 June 2016, the amortised cost of the Bonds amounted to RMB1,583,753,000 (31 December 2015: RMB1,592,922,000).

(c) In May 2015, the Company's wholly-owned subsidiary China Universal Leasing Co., Ltd. ("CULC") issued a batch of leasing assets-backed securities with an aggregate principal amount of RMB1,141,858,000 to institutional investors through an asset management plan. The asset-backed securities have 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 RMB229,858,000 was purchased by CULC itself and thus no proceeds were received. As at 30 June 2016, the amortised cost of the debt securities issued amounted to RMB764,218,000 (31 December 2015: RMB908,987,000).

15. SHARE CAPITAL

	Number of shares		Share capital	
	30 June 2016 (Unaudited)	31 December 2015 (Audited)	**30 June 2016 (Unaudited) RMB'000**	31 December 2015 (Audited) RMB'000
Issued and fully paid ordinary shares	**1,716,304,580**	1,716,304,580	**4,327,842**	4,327,842

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

	Number of shares in issue	Share capital RMB'000
As at 1 January 2016 and 31 December 2015 (Audited)	1,716,304,580	4,327,842
As at 30 June 2016 (Unaudited)	1,716,304,580	4,327,842
As at 1 January 2015 and 31 December 2014 (Audited)	253,913,216	1,579,905
Share split (note (a))	1,015,652,864	–
Effect of change in functional currency	–	(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 (Audited)	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 23,549,000 additional ordinary shares were 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).

16. RESERVES

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

Capital reserve

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

Statutory reserve

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

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

Exchange fluctuation reserve

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

17. SHARE-BASED PAYMENTS

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

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

In relation to the 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 was RMB33,302,000, being the difference between the fair value of the shares at the grant date and the considerations paid by the management personnel. Accordingly, the Group recognised an expense of RMB9,364,000 for the six months ended 30 June 2016 (six months ended 30 June 2015: RMB9,479,000) in respect of these share-based payments.

18. CONTINGENT LIABILITIES

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

	30 June 2016 (Unaudited) RMB'000	31 December 2015 (Audited) RMB'000
Legal proceedings		
Claimed amounts	**1,278**	1,278

19. PLEDGE OF ASSETS

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

20. OPERATING LEASE ARRANGEMENTS

(a) As lessor

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

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

(b) As lessee

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

As at 30 June 2016, the Group had total future minimum lease payments under non-cancellable operating leases falling due as follows:

	For the six months ended 30 June	
	2016	2015
	(Unaudited)	(Audited)
	RMB'000	RMB'000
Within one year	**14,566**	20,240
In the second to fifth years, inclusive	**18,127**	19,961
	32,693	40,201

21. COMMITMENTS

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

(a) Capital commitments

	30 June 2016 (Unaudited) RMB'000	31 December 2015 (Audited) RMB'000
Contracted, but not provided for	**373**	5,628

(b) Credit commitments

	30 June 2016 (Unaudited) RMB'000	31 December 2015 (Audited) RMB'000
Credit commitments	**447,491**	804,604

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

22. RELATED PARTY TRANSACTIONS

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

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

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

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

(i) *Prepayments, deposits and other receivables*

	30 June 2016 (Unaudited) RMB'000	31 December 2015 (Audited) RMB'000
Due from related parties		
Genertec Finance Co., Ltd.	**–**	142
General Technology Group Property Management Ltd.	**915**	915
Genertec Italia s.r.l.	**743**	1,123
Paryocean Properties Company Limited	**141**	138
China National Instruments Import & Export (Group) Corporation	**38**	38
	1,837	2,356

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

22. RELATED PARTY TRANSACTIONS (CONTINUED)

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

(ii) Other payables and accruals

	30 June 2016 (Unaudited) RMB'000	31 December 2015 (Audited) RMB'000
Due to related parties		
Paryocean Properties Company Limited	**47**	–
Genertec Hong Kong International Capital Limited	**2**	2
Genertec Finance Co., Ltd.	**–**	1,269
	49	1,271

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

(iii) Interest income from cash in bank

	For the six months ended 30 June	
	2016 (Unaudited) RMB'000	2015 (Unaudited) RMB'000
Genertec Finance Co., Ltd.	**1,801**	1,847

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

22. RELATED PARTY TRANSACTIONS (CONTINUED)

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

(iv) Purchases of products and leased assets from a related party:

	For the six months ended 30 June	
	2016	2015
	(Unaudited)	(Unaudited)
	RMB'000	RMB'000
Genertec Italia s.r.l.	**1,577**	–

The purchases from the related party were made on terms mutually agreed between the Group and the party.

(v) Rental expenses

	For the six months ended 30 June	
	2016	2015
	(Unaudited)	(Unaudited)
	RMB'000	RMB'000
Genertec Group	**1,656**	1,656
General Technology Group Property Management Ltd.	**5,491**	5,454
Paryocean Properties Company Limited	**278**	217

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

(vi) Interest expense on borrowings

	For the six months ended 30 June	
	2016	2015
	(Unaudited)	(Unaudited)
	RMB'000	RMB'000
Genertec Hong Kong International Capital Limited	**–**	12,935
Genertec Finance Co., Ltd.	**5,324**	9,424

The interest expenses were charged at rate of 4.35% per annum.

22. RELATED PARTY TRANSACTIONS (CONTINUED)

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

(vii) Finance lease income

	For the six months ended 30 June	
	2016	2015
	(Unaudited)	(Unaudited)
	RMB'000	RMB'000
Harbin Measuring & Cutting Tool Group Co., Ltd.	**211**	664
Changsha Haliang Kaishuai Precision Machinery Co., Ltd.	**81**	255

The finance lease income was charged at rate of 4.75% per annum.

(viii) Consulting service fees:

	For the six months ended 30 June	
	2016	2015
	(Unaudited)	(Unaudited)
	RMB'000	RMB'000
China National Instruments Import & Export (Group) Corporation	**585**	–
GENERTEC AMERICA, INC	**132**	–

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

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

22. RELATED PARTY TRANSACTIONS (CONTINUED)

(b) Significant transactions with other government-related entities

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

During the reporting periods, the Group's significant transactions with other government-related entities constituted a large portion of finance lease services and advisory services. In addition, substantially all restricted deposits, cash and cash equivalents and borrowings as at 30 June 2016 and 31 December 2015 and the relevant interest earned and paid during the six months ended 30 June 2016 and 2015 were transacted with banks and other financial institutions which are controlled by the PRC government.

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

	For the six months ended 30 June	
	2016	2015
	(Unaudited)	(Unaudited)
	RMB'000	RMB'000
Short term employee benefits	**3,061**	2,582
Equity-settled share award arrangements	**5,618**	5,709
Total compensation	**8,679**	8,291

23. 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 30 June 2016, lease receivables with an original carrying amount of RMB1,241,577,000 (31 December 2015: RMB1,241,577,000) have been securitised by the Group under arrangements in which the Group retained continuing involvement in such assets. As at 30 June 2016, the carrying amount of assets that the Group continued to recognise was RMB64,916,000 (31 December 2015: RMB64,916,000) 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 (31 December 2015: RMB64,916,000).

24. INTEREST IN THE UNCONSOLIDATED STRUCTURED ENTITY

The Group has an 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 30 June 2016, 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 2015: RMB20,955,000). As at 30 June 2016, 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 2015: 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.

25. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS

Financial instruments not measured at fair value

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

Cash and cash equivalents, restricted deposits, accounts receivable and current portion of financial assets included in deposits and other receivables, trade payables, short-term borrowings and current portion of financial liabilities included in other payables and accruals

Substantially all of the financial assets and liabilities mature within one year from the end of each reporting period and their carrying values are approximate to their fair values.

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

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

Bonds issued

The fair value of the bonds was calculated based on quoted market prices or a discounted cash flow model that is based on a current yield curve appropriate for the remaining term to maturity.

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

	Carrying amounts		**Fair values**	
	30 June 2016 (Unaudited) RMB'000	31 December 2015 (Audited) RMB'000	**30 June 2016 (Unaudited) RMB'000**	31 December 2015 (Audited) RMB'000
Bonds issued	**4,992,822**	4,297,487	**5,044,713**	4,335,590

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

The fair values of non-current portion of financial assets included in deposits and other receivables, and the fair value of 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.

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

Fair value hierarchy

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

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

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

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

The fair value of the available-for-sale investments is based on unobservable inputs included default rate, loss given default, and prepayment rate and yield of the securities' underlying assets. As at 30 June 2016, fair value changes resulting from changes in the unobservable inputs were not significant.

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

Fair value hierarchy (continued)

Assets and liabilities measured at fair value:

As at 30 June 2016 (Unaudited)

	Level 1 RMB'000	Level 2 RMB'000	Level 3 RMB'000	Total RMB'000
Derivative financial instruments				
– Interest rate swap contracts	**–**	**224**	**–**	**224**
Available-for-sale investments				
– Asset-backed securities	**–**	**–**	**64,916**	**64,916**

As at 31 December 2015 (Audited)

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

Liabilities for which fair values are disclosed:

As at 30 June 2016 (Unaudited)

	Level 1 RMB'000	Level 2 RMB'000	Level 3 RMB'000	Total RMB'000
Bonds issued	**4,250,727**	**793,986**	**–**	**5,044,713**

As at 31 December 2015 (Audited)

	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

During the six months ended 30 June 2016, there were no transfers at fair value measurement between Level 1 and Level 2 and no transfers into or out of Level 3 (year ended 31 December 2015: Nil).

26. EVENTS AFTER THE REPORTING PERIOD

There are no further material subsequent events undertaken by the Group after 30 June 2016.

27. APPROVAL OF THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

The interim condensed consolidated financial statements were approved and authorised for issue by the board of directors on 23 August 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