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UNIVERSAL HEALTH INTERNATIONAL GROUP HOLDING LIMITED
大健康國際集團控股有限公司

(incorporated in the Cayman Islands with limited liability)

(Stock Code: 2211)

INTERIM RESULTS ANNOUNCEMENT FOR THE SIX MONTHS ENDED 30 JUNE 2015

INTERIM RESULTS HIGHLIGHTS

	Six months ended 30 June		
	2015	2014	
	RMB Million	*RMB Million*	Change
	(Unaudited)	(Unaudited)	(%)
Revenue	**2,570.9**	2,043.9	+25.8
Gross profit	**736.1**	606.4	+21.4
Operating profit	**331.0**	325.8	+1.6
Profit for the period	**248.4**	244.2	+1.7
Basic earnings per share – RMB cents	**12.34**	11.19	+10.3
Interim dividend per share – HK cents	**1.5**	2.8	-46.4
Gross margin (%)	**28.6**	29.7	-1.1pp
Operating margin (%)	**12.9**	15.9	-3.0pp
Net margin (%)	**9.7**	11.9	-2.2pp

The board of directors (the "Board") of Universal Health International Group Holding Limited (the "Company") is pleased to announce the unaudited interim results of the Company and its subsidiaries (collectively, the "Group") for the six months ended 30 June 2015 (the "Period") together with the comparative figures for the corresponding period in 2014 as follows:

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

		(Unaudited)	
		Six months ended 30 June	
		2015	2014
	Note	***RMB'000***	*RMB'000*
Revenue	*3*	**2,570,945**	2,043,894
Cost of sales	*4*	**(1,834,871)**	(1,437,473)
Gross profit		**736,074**	606,421
Selling and marketing expenses	*4*	**(358,813)**	(233,922)
Administrative expenses	*4*	**(46,628)**	(47,101)
Other income		**414**	370
Other (losses)/gains – net		**(10)**	3
Operating profit		**331,037**	325,771
Finance income	*5*	**4,523**	9,681
Finance costs	*5*	**(4,632)**	(5,889)
Finance (costs)/income – net	*5*	**(109)**	3,792
Share of profit of joint ventures		**545**	631
Profit before income tax		**331,473**	330,194
Income tax expense	*6*	**(83,098)**	(85,950)
Profit and total comprehensive income for the period		**248,375**	244,244
Profit and total comprehensive income attributable to:			
– Owners of the Company		**244,678**	223,804
– Non-controlling interests		**3,697**	20,440
		248,375	244,244
Earnings per share attributable to owners of the Company for the period (RMB cents)			
– Basic and diluted	*7*	**12.34**	11.19

Details of the dividend are disclosed in note 8 to the condensed consolidated interim financial information.

CONDENSED CONSOLIDATED BALANCE SHEET

	Note	(Unaudited) As at 30 June 2015 *RMB'000*	(Audited) As at 31 December 2014 *RMB'000*
ASSETS			
Non-current assets			
Property, plant and equipment		**110,538**	120,870
Land use rights		**3,760**	3,807
Intangible assets		**789,511**	799,509
Investments in joint ventures		**6,999**	6,454
Prepayment for intangible assets		**2,103**	2,103
Prepayment for investments		**331**	–
Deferred income tax assets		**28,380**	11,953
Total non-current assets		**941,622**	944,696
Current assets			
Trade and other receivables	*9*	**332,849**	374,155
Inventories		**408,986**	362,940
Restricted cash		**225,250**	382,843
Cash and cash equivalents		**1,655,150**	1,349,231
Total current assets		**2,622,235**	2,469,169
Total assets		**3,563,857**	3,413,865
EQUITY			
Equity attributable to owners of the Company			
Share capital		**12,259**	12,259
Other reserves		**1,305,131**	1,355,464
Retained earnings		**1,475,114**	1,230,436
		2,792,504	2,598,159
Non-controlling interests		**30,706**	27,009
Total equity		**2,823,210**	2,625,168

	Note	(Unaudited) As at 30 June 2015 RMB'000	(Audited) As at 31 December 2014 RMB'000
LIABILITIES			
Non-current liabilities			
Deferred income tax liabilities		**48,159**	50,698
Current liabilities			
Borrowings		**147,750**	295,500
Trade and other payables	*10*	**485,864**	380,936
Current income tax liabilities		**58,874**	61,563
Total current liabilities		**692,488**	737,999
Total liabilities		**740,647**	788,697
Total equity and liabilities		**3,563,857**	3,413,865
Net current assets		**1,929,747**	1,731,170
Total assets less current liabilities		**2,871,369**	2,675,866

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

1. BASIS OF PREPARATION

This condensed consolidated interim financial information for the six months ended 30 June 2015 has been prepared in accordance with International Accounting Standards ("IAS") 34, 'Interim Financial Reporting'. The condensed consolidated interim financial information should be read in conjunction with the annual financial statements for the year ended 31 December 2014, which have been prepared in accordance with International Financial Reporting Standards ("IFRS").

2. ACCOUNTING POLICIES

The accounting policies applied are consistent with those of the annual financial statements for the year ended 31 December 2014, as described in those annual financial statements.

Amendments to IFRSs effective for the financial year ending 31 December 2015 do not have a material impact on the Group.

Taxes on income in the interim periods are accrued using the tax rate that would be applicable to expected total annual earnings.

There are no other amended standards or interpretations that could be expected to have a material impact on the Group.

The following new standards and amendments to standards have been issued but are not effective for the financial year beginning on 1 January 2015 and have not been early adopted:

IFRS 9	Financial Instruments	1 January 2018
IFRS 14	Regulatory deferral accounts	1 January 2016
IFRS 15	Revenue from Contracts with Customers	1 January 2017
Amendments to IAS 1	Disclosure initiative	1 January 2016
Amendments to IFRS 10 and IAS 28	Sale or contribution of assets between an investor and its associate or joint venture	1 January 2016
Amendments to IFRS 10, IFRS 12 and IAS 28	Investment entities: applying the consolidation exception	1 January 2016
Amendment to IFRS 11	Accounting for acquisitions of interests in joint operation	1 January 2016
Amendments to IAS16 and IAS 38	Clarification of acceptable methods of depreciation and amortisation	1 January 2016
Amendment to IAS 27	Equity method in separate financial statements	1 January 2016
Annual improvements 2014		1 January 2016

Management expected the adoption of the above amended standards would not have significant impact on the Group.

There are no other amended standards or interpretations that are not yet effective that could be expected to have a material impact on the Group.

3. REVENUE AND SEGMENT INFORMATION

The Board of Directors is the Group's chief operating decision-maker. Management has determined the operating segments based on the information reviewed by the Board of Directors for the purposes of allocating resources and assessing performance.

The Group is principally engaged in the distributions and retails of drugs and other pharmaceutical products in the northeastern region of the PRC. Separate individual financial information for distributions and retails are presented to the Board of Directors who reviews the internal reports in order to assess performance and allocate resources. Due to the differences in economic characters, customers etc, for distributions, retails and others respectively, the distributions, retails and others are considered to be three reportable segments in accordance with IFRS 8 "Operating Segment". The "others" segment mainly comprises investment companies.

The Group's principal market is the northeastern region of the PRC. The Group has a large number of customers, which are widely dispersed within the northeastern region of the PRC, no single customer accounted for more than 10% of the Group's total revenues for the six months ended 30 June 2015 and 2014. Accordingly, no geographical segment is presented.

Sales between segments are carried out at arm's length. The revenue from external customers and the cost, the total assets and the total liabilities are measured in a manner consistent with that of the Group's consolidated financial statements.

The Board of Directors assesses the performance of the operating segments based on a measure of adjusted earnings before interests, tax, depreciation and amortisation ("Adjusted EBITDA"). The measurement basis of Adjusted EBITDA excludes the effect of share of profit of joint ventures.

The segment information for the six months ended 30 June 2015 and as at 30 June 2015 is as follows:

	(Unaudited) Six months ended 30 June 2015			
	Distributions	**Retails**	**Others**	**Total**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Segment revenue	**1,860,382**	**1,240,507**	**–**	**3,100,889**
Inter-segment revenue	**(529,944)**	**–**	**–**	**(529,944)**
Revenue from external customers	**1,330,438**	**1,240,507**	**–**	**2,570,945**
Adjusted EBITDA	**108,439**	**256,968**	**(11,213)**	**354,194**
Depreciation and amortisation	**(7,160)**	**(15,934)**	**(63)**	**(23,157)**
Finance income	**2,371**	**1,623**	**529**	**4,523**
Finance costs	**(1,300)**	**(2,797)**	**(535)**	**(4,632)**
Share of profit of joint ventures	**–**	**545**	**–**	**545**
Income tax expense	**(24,325)**	**(58,773)**	**–**	**(83,098)**
Profit and total comprehensive income for the period	**78,025**	**181,632**	**(11,282)**	**248,375**
Additions of non-current assets	**1,021**	**2,498**	**–**	**3,519**

	(Unaudited) As at 30 June 2015			
	Distributions	**Retails**	**Others**	**Total**
	RMB'000	***RMB'000***	***RMB'000***	***RMB'000***
Total assets before eliminations	**2,102,951**	**2,008,781**	**1,391,444**	**5,503,176**
Inter-segment assets	**(602,869)**	**(261,403)**	**(1,075,047)**	**(1,939,319)**
Total assets	**1,500,082**	**1,747,378**	**316,397**	**3,563,857**
Total liabilities before eliminations	**850,535**	**714,525**	**58,330**	**1,623,390**
Inter-segment liabilities	**(514,771)**	**(365,396)**	**(2,576)**	**(882,743)**
Total liabilities	**335,764**	**349,129**	**55,754**	**740,647**

The segment information for the six months ended 30 June 2014 and as at 31 December 2014 is as follows:

	(Unaudited) Six months ended 30 June 2014			
	Distributions	Retails	Others	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Segment revenue	1,474,884	963,211	–	2,438,095
Inter-segment revenue	(394,201)	–	–	(394,201)
Revenue from external customers	1,080,683	963,211	–	2,043,894
Adjusted EBITDA	129,187	230,819	(18,707)	341,299
Depreciation and amortisation	(2,058)	(13,456)	(14)	(15,528)
Finance income	1,035	984	7,662	9,681
Finance costs	(577)	(1,380)	(3,932)	(5,889)
Share of profit of joint ventures	–	631	–	631
Income tax expense	(33,790)	(52,193)	33	(85,950)
Profit and total comprehensive income for the period	93,797	165,405	(14,958)	244,244
Additions of non-current assets	49,192	132,369	78,197	259,758

	(Audited)			
	As at 31 December 2014			
	Distributions	Retails	Others	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Total assets before eliminations	2,085,108	1,690,616	1,287,491	5,063,215
Inter-segment assets	(618,916)	(163,202)	(867,232)	(1,649,350)
Total assets	1,466,192	1,527,414	420,259	3,413,865
Total liabilities before eliminations	872,562	572,487	16,946	1,461,995
Inter-segment liabilities	(467,519)	(193,259)	(12,520)	(673,298)
Total liabilities	405,043	379,228	4,426	788,697

The amounts provided to the Board of Directors with respect to total assets are measured in a manner consistent with that of the financial statements. These assets are allocated based on the operations of the segment and the physical location of the assets.

4. EXPENSE BY NATURE

	(Unaudited)	
	Six months ended 30 June	
	2015	2014
	RMB'000	*RMB'000*
Changes in inventories	**1,820,590**	1,424,991
Employee benefit expenses	**141,233**	109,606
Advertising and other marketing expenses	**121,250**	47,213
Rental expenses	**50,236**	38,872
Transportation and related charges	**47,088**	40,240
Other tax expenses	**15,594**	15,059
Depreciation of property, plant and equipment	**13,083**	11,183
Amortisation of intangible assets	**10,027**	4,332
Office and communication expenses	**5,958**	5,226
Professional fees	**4,545**	11,737
License fee of trademarks	**3,240**	3,240
Electricity and other utility fees	**2,428**	1,641
Auditors' remuneration	**1,600**	1,600
Travelling and meeting expenses	**978**	1,631
Amortisations of land use rights	**47**	13
Other expenses	**2,415**	1,912
	2,240,312	1,718,496

5. FINANCE INCOME AND COSTS

	(Unaudited) Six months ended 30 June	
	2015	2014
	RMB'000	*RMB'000*
Finance income		
Interest income on bank deposits	**4,523**	9,681
Finance costs		
Interest expenses	**(4,097)**	(1,729)
Exchange losses	**(332)**	(3,890)
Other charges	**(203)**	(270)
	(4,632)	(5,889)
Finance (costs)/income – net	**(109)**	3,792

6. INCOME TAX EXPENSE

	(Unaudited) Six months ended 30 June	
	2015	2014
	RMB'000	*RMB'000*
Current income tax		
– PRC corporate income tax	**101,849**	87,845
– Hong Kong profits tax	**215**	–
Deferred income tax credit	**(18,966)**	(1,895)
Total income tax expense	**83,098**	85,950

Hong Kong profits tax has been provided at the rate of 16.5% on the estimated assessable profits arising in Hong Kong for the six months ended 30 June 2015 (2014: nil). The subsidiaries of the Group in the PRC are subject to corporate income tax at a rate of 25% on its taxable income or deemed profit method as determined in accordance with the relevant PRC income tax rules and regulations.

7. EARNINGS PER SHARE

(a) Basic

Basic earnings per share is calculated by dividing the profit for the period of six months ended 30 June attributable to owners of the Company by the weighted average number of ordinary shares in issue during the period of six months ended 30 June.

	(Unaudited) Six months ended 30 June	
	2015	2014
Profit attributable to owners of the Company *(RMB'000)*	**244,678**	223,804
Weighted average number of ordinary shares in issue *(thousands)*	**1,983,007**	2,000,000
Basic earnings per share *(RMB cents)*	**12.34**	11.19

(b) Diluted

As there were no dilutive potential ordinary shares outstanding for the six months ended 30 June 2015 and 2014, the diluted earnings per share for the periods is equal to basic earnings per share.

8. DIVIDEND

On 28 August 2015, the Board has resolved to declare an interim dividend of HK1.5 cents per ordinary share. The interim dividend amounting to RMB24,593,000, which excluded the dividends of RMB211,000 related to the shares held for the purpose of the Share Award Plan, has not been reflected as a liability in this condensed consolidated interim financial information.

During the current period, the Board declared a final dividend for the year ended 31 December 2014 of HK3.2 cents per ordinary share, amounting to RMB50,333,000, which excluded the dividends of RMB432,000 related to the shares held for the purpose of the Share Award Plan. The final dividend was approved by the shareholders at the annual general meeting of the Company. The 2014 final dividend was paid in July 2015 and is reflected as a dividend payable in this condensed consolidated interim financial information.

On 25 August 2014, the Board declared an interim dividend of HK2.8 cents per ordinary share. The interim dividend amounted to RMB44,169,000, which excluded the dividends of RMB379,000 related to the shares held for the purpose of the Share Award Plan.

9. TRADE AND OTHER RECEIVABLES

	(Unaudited) As at 30 June 2015 *RMB'000*	(Audited) As at 31 December 2014 *RMB'000*
Trade receivables *(Note)*	**240,971**	266,459
Prepayments	**72,247**	90,362
Other receivables	**21,405**	19,108
Provision for impairment	**(1,774)**	(1,774)
Total	**332,849**	374,155

The carrying amounts of receivables approximate their fair values.

Note:

Retail sales at the Group's pharmacies are usually made in cash or debt or credit cards. For distribution to distributors, there is no concentration of credit risk with respect to trade receivables, as the majority of the Group's sales are settled in cash on delivery of goods. The remaining amounts are with credit items of 0 to 90 days. The ageing analysis based on recognition date of the trade receivables is as follows:

	(Unaudited) As at 30 June 2015 *RMB'000*	(Audited) As at 31 December 2014 *RMB'000*
Up to 3 months	**233,285**	247,037
4 to 6 months	**7,686**	12,355
7 to 12 months	**–**	7,067
	240,971	266,459

10. TRADE AND OTHER PAYABLES

	(Unaudited) As at 30 June 2015 *RMB'000*	(Audited) As at 31 December 2014 *RMB'000*
Trade payables (a)	**204,010**	188,016
Notes payable (b)	**83,607**	82,843
Other payables	**147,914**	110,077
Dividend payable	**50,333**	–
	485,864	380,936

(a) Details of ageing analysis of trade payables were as follows:

	(Unaudited) As at 30 June 2015 *RMB'000*	(Audited) As at 31 December 2014 *RMB'000*
Up to 3 months	**200,543**	182,031
4 to 6 months	**2,904**	5,378
7 to 12 months	**553**	477
1 year to 2 years	**10**	130
	204,010	188,016

(b) As at 30 June 2015 and 31 December 2014, the entire balance of notes payable was secured by restricted cash of RMB75,250,000 and RMB82,843,000, respectively.

MANAGEMENT DISCUSSION AND ANALYSIS

INDUSTRY OVERVIEW

During the first half of 2015, especially since the second quarter of 2015, on the backdrop of the complex domestic and international situation, the economy of the People's Republic of China (the "PRC") grew at a slow but steady pace with further slowdown in GDP growth under the pressures inherent in the macroeconomic restructuring and with the support of stimulus policy aimed to stabilize the growth of the economy. The traditional "three driving forces" for the economy, i.e. consumption, investment and export, showed signs of slowdown, which was the main reason for the deceleration of the PRC economy. As the PRC economy bottomed out in the first half of the year, it is widely expected to recover in the second half of the year.

The growth of pharmaceutical industry also slowed down slightly. According to the National Bureau of Statistics of the PRC, during the period from January to June 2015, the added value of pharmaceutical enterprises above the designated size in the PRC increased by 9.9% on a year-on-year basis, representing a decrease of 3.6 percentage points as compared with the corresponding period of last year; and the revenue from main businesses of pharmaceutical enterprises above the designated size amounted to RMB1.24 trillion, representing an increase of 8.91% on a year-on-year basis but a decrease of 4.76 percentage points as compared with the corresponding period of last year.

Since 2015, the PRC government has implemented more systematic and specific reforms on medical and health system in respect of seven areas involving 27 tasks, releasing policy payouts to a wider and deeper extent. Medical reform has evolved from encouraging non-public medical institutions last year to accelerating their establishment, and extended to improving the universal medical insurance system as well as reform of drug prices. Intensive introduction of a series of related policies implied the government's attention and support to the healthcare service industry.

An increasing number of pharmaceutical enterprises are accelerating their paces into the pharmaceutical universal health field. The so-called universal health industry comprises pharmaceutical products, healthcare supplies, nutrition food, medical devices, healthcare apparatuses, leisure and fitness, health management, health consultation and other production and service sectors closely related to human health. Compared with the traditional pharmaceutical industry, the universal health industry provides not only products, but also healthy lifestyle solutions, hence creating more business opportunities.

As a new highlight of the PRC economy, the health industry is an emerging industry with a huge market potential. The Opinions on Promoting the Development of Health Service Industry (《關於促進健康服務業發展的若干意見》) previously issued by the State Council of the PRC in 2014 explicitly proposed for the first time the development target that the total size of the PRC health service industry will reach over RMB8 trillion by 2020, i.e. quadrupling within six years.

Based on the current macroeconomic situation and industrial policy, the pharmaceutical industry will continue to maintain steady growth in 2015. Supported by the aging population, improvement of affordability of medical expenses, enhancement of health awareness and other favorable factors, the PRC pharmaceutical market will continue to maintain double-digit growth in the future. According to the Blue Book of China Health Industry (2015 edition) (《中國健康產業藍皮書(2015版)》) prepared by China National Pharmaceutical Industry Information Center, the size of the PRC pharmaceutical market is expected to exceed RMB2.2 trillion by 2019.

At the National People's Congress and Chinese People's Political Consultative Conference this year, Premier Li Keqiang proposed the concept of "Internet Plus" for the first time, emphasising the combination and development of technologies such as Internet, cloud computing, big data, Internet of Things and manufacturing, financial and other traditional industries. The concept of "Internet Plus" began to penetrate into all industries and is also gradually changing the traditional model of pharmaceutical industry. Through Internet, pharmaceutical enterprises enjoy price advantage by reducing the costs and intermediate links in consumption, which helps to promote their products more easily and greatly enhance their marketing capabilities. The transformation of pharmaceutical e-commerce business and traditional pharmacies through Internet will also become an inevitable development trend of the industry with great potential of appreciation in the future.

On 4 July 2015, the State Council released Guidance on Promoting Internet Plus (《關於積極推進「互聯網+」行動的指導意見》) (the "Guidance"), which aimed to proactively promote "Internet Plus" public services and develop emerging mobile-based spending pattern with online and offline interaction, so as to accelerate development of Internet-based medical, healthcare, pension insurance, social security and other new services, in an effort to innovate government service model. According to the Guidance, the integration of Internet with all aspects in the economy and society will further deepen by the year of 2018, enabling Internet to be an important means for provision of public services. Application of Internet in the medical and healthcare, education and other livelihood areas will be enriched, providing more diversified public services and leading to closer integration of online and offline actions.

On 20 June 2015, the State Council also released the Guiding Opinions of the General Office of the State Council on Promoting the Healthy and Rapid Development of Cross-border E-commerce (《國務院辦公廳關於促進跨境電子商務健康快速發展的指導意見》), which aimed to support the development of cross-border e-commerce business and facilitate upgrade of open-ended economic development. As indicated by the data released by a third party institute eMarketer, cross-border purchases by China's online shoppers significantly increased from US$2 billion in 2010 to US$20 billion in 2014, and products ranging from apparels to maternity and baby products and from household electronic appliances to healthcare medicine and equipments were popular with the domestic consumers. Cross-border e-commerce business in the free trade zones will bring new business opportunities for the e-commerce of the pharmaceutical products and the healthcare and wellness industries.

While the pharmaceutical economy settles into a new normal pattern, reforms will bring new business opportunities. In the era of "Internet + Universal Health", innovation and integration will be the main theme of the future development of the pharmaceutical industry. During the course of transformation and reform, enterprises shall focus on innovation, including innovation on products, markets, business model and development model, as innovation and integration are expected to bring great growth momentum to the pharmaceutical industry.

BUSINESS REVIEW

Strategy Guidance: Under the "Internet Plus" strategy introduced by the PRC government, the operation guideline of the "Golden Rules" put forward by the Chairman Mr. Jin Dongtao, and the medium to long-term strategy of cross border development, diversified product lines and integrated online-to-offline ("O2O") platforms, the Group proactively developed its "Internet + Universal Health" business, in an effort to build an international universal health branding and marketing platform and facilitate the strategic upgrade of the Group's development.

Golden Rules: The Golden Rules ("1+1=11, 1+1=101, 1+1=王, 1+1=田"), an operation philosophy with strategic vision, is put forward by Mr. Jin Dongtao, the chairman of the Group, which has guiding significance to the development of individuals, the enterprise and the industry. The Golden Rules advocates "team-work" cooperation spirit, "platform" for multilateral cooperation, "empathy" at multi-level and multi-dimension and "sharing" win-win strategy.

Business Overview: For the Period, the Group proactively developed the cross-border business and cooperated with domestic and overseas renowned enterprises to develop its international trading business regarding universal health products, so as to enhance our influence in the industry. For the universal health branded products business, the Group benefited from the resource advantage of Hong Kong as an international finance and information center and international free trade port. By capitalising on its forward-looking vision and capability to take action, the Group strived to become a leading operator of universal health brand.

Our universal health business has a hierarchy of three levels:

1. Upper level (procurement platforms): Original equipment manufacturers ("OEM") branded products, domestic branded products and international branded products;

2. Middle level (branding and marketing platform): brand promotion – media portfolio, Jintian Institute – professional training, membership program and activities – online and offline platforms and industry alliance – leading market position;

3. Bottom level (sales platforms): distribution platform covering 29 provinces and cities across the country, retail platform with 953 stores, online sales platform on Tmall.com and JD.com and mobile-based online platform in Hong Kong for universal health cross-border e-commerce business.

FINANCIAL REVIEW

For the Period, the Group recorded revenue of RMB2,570.9 million, representing an increase of 25.8% as compared with RMB2,043.9 million for the corresponding period in 2014. Profit attributable to owners of the Company was RMB244.7 million, representing an increase of 9.3% as compared with RMB223.8 million for the corresponding period in 2014. Earnings per share for the Period was RMB12.34 cents (2014: RMB11.19 cents). The increase in profit attributable to owners of the Company was mainly due to the increase in profit of the Group's retail business.

Revenue

For the Period, the Group recorded revenue of RMB2,570.9 million, representing an increase of RMB527.0 million or 25.8% as compared with RMB2,043.9 million for the corresponding period in 2014. The increase was mainly attributable to the substantial growth in both retail and distribution businesses.

Analysis of revenue by business segment

	Revenue *(RMB million)* **Six months ended 30 June**		**Change**	**% of total revenue Six months ended 30 June**		Change
	2015	2014	(%)	**2015**	2014	(%)
Retail	**1,240.5**	963.2	+28.8	**48.3**	47.1	+1.2
Distribution	**1,330.4**	1,080.7	+23.1	**51.7**	52.9	–1.2
	2,570.9	2,043.9		**100.0**	100.0	

Retail Business Segment

The increase in the retail business was mainly due to the organic growth of the existing pharmacies during the Period and the increase in the number of retail pharmacies in 2014. During the Period, the Group continued its organic growth of retail business through expanding member base, increasing the consumption per member and introducing more personalized services and product mix which are better adapted to the needs of customers. As at 30 June 2015, the Group had 953 (2014: 838) retail pharmacies in total, of which 688 (2014: 688) located in Heilongjiang, 168 (2014: 101) in Liaoning, 93 (2014: 45) in Jilin and 4 (2014: 4) self-operated retail pharmacies in Hong Kong. In addition, the Group had 16 (2014: 16) supermarkets in Shenyang as at 30 June 2015, mainly selling healthcare products and consumer goods.

Distribution Business Segment

The increase in the distribution business was due to the increase in the number of customers and more sales generated from existing customers. During the Period, the Group continued its organic growth of distribution business through providing more specific value-added service to key customers and intensifying efforts to explore new quality customers. Besides, the distribution companies acquired in 2014 attributed to a growth in sales during the Period.

As at 30 June 2015, the Group had a nationwide distribution network covering approximately 6,500 customers (2014: 4,900), including approximately 4,300 pharmaceutical retailers (2014: 3,200), hospitals and clinics and approximately 2,200 distributors (2014: 1,700).

Gross profit

The gross profit of the Group for the Period was approximately RMB736.1 million, representing an increase of RMB129.7 million or 21.4% as compared with RMB606.4 million for the corresponding period in 2014. The increase in gross profit was mainly due to the substantial increase in the overall revenue. Overall gross profit margin decreased from 29.7% to 28.6%. The slight decrease was mainly due to the change of product mix during the Period.

Analysis of gross profit by business segment

	Gross profit *(RMB million)* **Six months ended 30 June**		**Change**	**Gross profit margin (%)** **Six months ended 30 June**		Change
	2015	2014	(%)	**2015**	2014	(%)
Retail	**476.6**	385.5	+23.6	**38.4**	40.0	-1.6
Distribution	**259.5**	220.9	+17.5	**19.5**	20.4	-0.9
	736.1	606.4				

The Group's high-margin products consists of licensed products and products with exclusive distribution rights. During the Period, revenue of the Group's high-margin products increased slightly by 1.4% over the corresponding period in 2014 and the gross profit margin of these high-margin products decreased slightly from 50.4% to 49.8%. As at 30 June 2015, the Group had 360 (2014: 412) types of licensed products and 2,386 (2014: 1,015) types of products with exclusive distribution rights.

Selling and marketing expenses

Selling and marketing expenses for the Period was RMB358.8 million, representing an increase of RMB124.9 million or 53.4% over the corresponding period in 2014 and 14.0% (2014: 11.4%) of the Group's revenue. The increase was mainly due to the increase in advertising expenses as a result of increasing branding promotion of licensed products, especially Yushi.

Administrative expenses

Administrative expenses for the Period was RMB46.6 million, representing an decrease of RMB0.5 million or 1.0% over the corresponding period in 2014 and 1.8% (2014: 2.3%) of the Group's revenue. The decrease was mainly due to the decrease in legal and professional fee after the initial public offering of the Company ("IPO").

Finance income/cost – net

Net finance cost for the Period was RMB0.1 million (2014: Net finance income of RMB3.8 million). Net finance cost was resulted due to the decrease in interest income from the proceeds received from IPO.

Income tax expenses

Income tax expense for the Period was RMB83.1 million, representing a decrease of RMB2.9 million or 3.4% over the corresponding period in 2014. The effective income tax rate for the Period was 25.1% (2014: 26.0%).

LIQUIDITY AND CAPITAL RESOURCES

The Company's treasury function formulated financial risk management procedures, which are also subject to periodic review by the senior management of the Company.

This treasury function operates as a centralized service for managing financial risks, including interest rate and foreign exchange rate risks, reallocating surplus financial resources within the Group, procuring cost-efficient funding and targeting yield enhancement opportunities. The treasury function regularly and closely monitors its overall cash and debt positions, proactively reviews its funding costs and maturity profiles to facilitate timely refinancing, if appropriate.

As at 30 June 2015, the Group's unpledged cash and cash equivalents totalled approximately RMB1,655.2 million (31 December 2014: approximately RMB1,349.2 million), and the Group's net current assets were approximately RMB1,929.7 million (31 December 2014: approximately RMB1,731.2 million).

During the Period, net cash flows generated from operating activities amounted to approximately RMB310.3 million, as compared to approximately RMB344.6 million for the corresponding period in 2014. The decrease was due to increase in income tax paid and decrease in cash generated from operation.

During the Period, the Group had capital expenditure of approximately RMB18.8 million (2014: approximately RMB258.2 million).

Having considered the cash flow from operating activities, existing financial gearing and banking facilities available to the Group, the management believes that the Group's financial resources are sufficient to fund its debt payments, day-to-day operations, capital expenditures and prospective business development projects.

The Group mainly operates in the PRC, with most of its transactions denominated and settled in Renminbi. The Group's currency risk arises from certain bank deposits that are denominated in Hong Kong dollars. As at 30 June 2015, the Group had approximately RMB1,655.2 million in cash and bank balances of which the equivalent of approximately RMB12.1 million was denominated in Hong Kong dollars. As at 30 June 2015, the Company has converted most of the Hong Kong dollars into equivalent Renminbi to reduce the impact of fluctuations in exchange rate.

The Group did not use financial instruments for financial hedging purpose during the Period.

CHANGE OF COMPANY NAME

On 22 April 2015, the Board proposed to change the name of the Company from "Jintian Pharmaceutical Group Limited 金天醫藥集團股份有限公司" to "Universal Health International Group Holding Limited 大健康國際集團控股有限公司". The change of name was approved at the annual general meeting of the Company on 16 June 2015 and took effect on 18 June 2015 upon the issuance of the Certificate of Incorporation on Change of Name by the Registrar of Companies in the Cayman Islands.

CAPITAL STRUCTURE

There were no movements in the Company's share capital and share options during the Period.

As at 30 June 2015, the Group had certain interest-bearing bank borrowings of approximately RMB147.8 million (31 December 2014: RMB295.5 million). Bank borrowings carried annual interest rates at 2.9% (31 December 2014: 2.9%). All of the bank borrowings are denominated in Renminbi.

The gearing ratio of the Group as at 30 June 2015, calculated as net debt divided by sum of total equity and net debt, was N/A (31 December 2014: N/A).

CONTINGENT LIABILITIES AND PLEDGE OF ASSETS

As at 30 June 2015, the Group has no significant contingent liabilities (31 December 2014: Nil).

As at 30 June 2015, the bank borrowings and notes payable of the Group were secured by the time deposits of the Group with net aggregate booking value of approximately RMB225.3 million (31 December 2014: RMB382.8 million).

HUMAN RESOURCES

As at 30 June 2015, the Group had 6,405 (2014: 6,051) full-time employees in Hong Kong and the PRC with total employee benefit expenses amounted to approximately RMB141.2 million (2014: RMB109.6 million). Employees are paid according to their positions, performance, experience and prevailing market practices, and are provided with management and professional training. The Group has implemented a number of initiatives to enhance the productivity of its employees. In particular, the Group conducts periodic performance reviews of most of the employees, and their compensation is tied to their performance. Further, the Group's compensation structure is designed to incentivize its employees to perform well by linking a portion of their compensation to their performance and the overall performance of the Group. The performance-based portion depends on the employee's job function and seniority.

Employees in Hong Kong are provided with retirement benefits under the Mandatory Provident Fund scheme, as well as life insurance and medical insurance. Employees in the PRC are provided with basic social insurance and housing fund in compliance with the requirements of the laws of the PRC. The Company has adopted a share option scheme and a share award plan for the purpose of providing incentives to participants for their contribution to the Group, and to enable the Group to recruit and retain quality employees to serve the Group on a long-term basis.

FUTURE PLAN

In light of the domestic and global economic development pattern, the Group outlines the development strategies of "leader in two fields" and "diversified product lines, cross-border development and integrated O2O platforms":

Leader in two fields

1. ***Leader in the international universal health industry:*** Capitalising on the huge consumption potential of the mainland China and Asian markets and seizing the opportunities arising from the global trend of ageing population, and based on the regional strategy of "One belt and one road" advocated by the PRC government, the Group takes Hong Kong, an international finance center, as a regional platform to expand its reach to the international community, diversifying its business from pharmaceutical product distribution to the universal health field, with an aim to develop the Group into an operator of international universal health brand.

2. ***Leader in innovating business model of the industry in the new era:*** Leveraging on our advantage in stores and distribution network, and based on the "Internet Plus" development strategy, the Group takes the lead to enter the e-commerce business by setting up online flagship stores on Tmall.com and JD.com and building quality mobile-based WeChat marketing team. Meanwhile, the Group carries out regional cooperation with leading international e-commerce platforms such as Alibaba Health, and explores opportunities to cooperate with cross-border e-commerce and logistics chain platforms.

Diversified product lines, cross-border development and integrated O2O platforms

1. ***Strategy of diversified product lines:*** Based on its established business of selling and distributing pharmaceutical products, the Group has expanded into imported and domestic healthcare products, health food and other non-pharmaceutical products, as well as traditional nutrition supplements (including cubilose, ginseng, cordyceps etc.), healthcare devices, cosmeceutical and other products.

2. ***Strategy of cross-border development:*** Benefiting from its status as a listed company in Hong Kong, the Group takes proactive initiatives to develop international trading business. The Group continues to source quality products through entering into distribution cooperation agreements with a number of renowned manufacturers in Asia, the Europe and the United States, so as to introduce international universal health brands to the PRC. Meanwhile, the Group strives to capture opportunities arising from the development of free trade zones, to establish its international import business presence. Under the concept of establishing and sharing platform, the Group carries out cross-border cooperations of various scope and depth with a number of domestic and overseas companies engaging in healthcare and wellness related business. The Group establishes a cross-border e-commerce platform, so as to drive growth of our business. The Group is also planning to set up overseas companies in markets with well-developed healthcare and wellness business such as Japan, Korea and Australia. Meanwhile, the Group will step up efforts in entering the international markets, so as to introduce Chinese universal health products to the global market.

3. ***Strategy of integrated O2O platforms:*** 1) Online platforms: The Group is the first one in the pharmaceutical and universal health industry to establish the e-commerce WeChat marketing department, and establishes first-mover advantage in the "WeChat marketing" field by promoting and selling products through mobile-based platforms including WeChat, micro-malls, public accounts, applications and other approaches. Meanwhile, the Group has obtained the licences required for pharmaceutical product e-commerce business, and has set up online flagship pharmacies on Tmall.com and JD.com. The Group has also entered into cooperation agreement with Alibaba Health in relation to a electronic platform providing medical and healthcare services. 2) Offline platforms: As at 30 June 2015, the Group owned 953 chain stores with over 1 million Aixin members and a national distribution network covering 6,500 distribution customers in 29 provinces and cities, which both recorded strong growth in sales.

Embracing the trend of "Internet + Universal Health", the integrated online and offline platform will become the core competitive strength of the Group in the universal health field.

USE OF PROCEEDS FROM SHARE OFFER

The shares of the Company were listed on 12 December 2013 on the Main Board of The Stock Exchange of Hong Kong Limited (the "Stock Exchange"). The total net proceeds amounted to approximately RMB868.1 million (equivalent to approximately HK$1,101.6 million). As at 30 June 2015, the net proceeds from the IPO were used for purposes which were consistent with those set out in the section headed "Future Plans and Use of Proceeds" in the prospectus of the Company dated 2 December 2013 and for the following purposes:

		RMB million	
Use of proceeds	**Net Proceeds**	**Proceeds used**	**Proceeds unused**
For acquisitive expansion	347.2	(347.2)	–
For organic growth	260.4	(78.1)	182.3
For brand promotion	173.6	(113.9)	59.7
For working capital	86.9	(62.9)	24.0
Total	868.1	(602.1)	266.0

As at 30 June 2015, the unused net proceeds were placed with banks in Hong Kong and the PRC as short-term deposits or term deposits.

INTERIM DIVIDEND

The Board has declared an interim dividend of HK$1.5 cents per share for the six months ended 30 June 2015 (2014: HK2.8 cents per share) payable on Monday, 5 October 2015 to the shareholders of the Company whose names appear on the register of members of the Company on Wednesday, 23 September 2015, and paid out of the share premium account of the Company.

CLOSURE OF THE REGISTER OF MEMBERS

The register of members of the Company will be closed from Monday, 21 September 2015 to Wednesday, 23 September 2015, both days inclusive, in order to determine the entitlement to the interim dividend. All transfers accompanied by the relevant share certificates and transfer forms must be lodged with the Company's branch share registrar in Hong Kong, Computershare Hong Kong Investor Services Limited, at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong before 4:30 p.m. on Friday, 18 September 2015.

CORPORATE GOVERNANCE

The Company is committed to maintaining high standards of corporate governance to safeguard the interests of shareholders and to enhance corporate value and accountability. The Company has complied with all applicable code provisions under the Corporate Governance Code (the "CG Code") as set out in Appendix 14 to the Rules Governing the Listing of Securities (the "Listing Rules") on the Stock Exchange throughout the Period. The Company will continue to review and enhance its corporate governance practices to ensure compliance with the CG Code.

MODEL CODE FOR SECURITIES TRANSACTIONS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") as set out in Appendix 10 to the Listing Rules as its own code of conduct regarding directors' securities transactions. Having made specific enquiries with all directors, each of the directors has confirmed that he/she has complied with the required standards as set out in the Model Code throughout the Period.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

For the Period, neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the Company's listed securities.

REVIEW OF INTERIM RESULTS BY AUDIT COMMITTEE

The audit committee of the Company (the "Audit Committee") is comprised of three independent non-executive Directors, namely Ms. Hao Jia (Chairman), Mr. Cheng Sheung Hing and Ms. Chiang Su Hui Susie. The main duties of the Audit Committee are to examine, review and monitor the financial data and financial reporting procedure of the Company. The Audit Committee had reviewed the unaudited interim results of the Group for the Period.

PricewaterhouseCoopers, the independent auditor of the Company, has reviewed but not audited the Group's interim results for the Period.

PUBLICATION OF THE INTERIM RESULTS AND 2015 INTERIM REPORT ON THE WEBSITES OF THE STOCK EXCHANGE AND THE COMPANY

This interim results announcement is published on the websites of the Stock Exchange and the Company, and the 2015 Interim Report containing all the information required by the Listing Rules will be dispatched to the shareholders of the Company and published on the respective websites of the Stock Exchange (www.hkexnews.hk) and the Company (www.uhighl.com) in due course.

By order of the Board
Universal Health International Group Holding Limited
Jin Dongtao
Chairman

Hong Kong, 28 August 2015

As at the date of this announcement, the Board of the Company comprises four executive directors, namely, Mr. Jin Dongtao, Mr. Jin Dongkun, Mr. Chu Chuanfu and Mr. Zhao Zehua and three independent non-executive directors, namely, Mr. Cheng Sheung Hing, Ms. Chiang Su Hui Susie and Ms. Hao Jia.