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**UNIVERSAL MEDICAL FINANCIAL & TECHNICAL
ADVISORY SERVICES COMPANY LIMITED**

環球醫療金融與技術諮詢服務有限公司

(Incorporated in Hong Kong with limited liability)

(Stock Code: 2666)

**INTERIM RESULTS FOR THE SIX MONTHS ENDED 30 JUNE 2016
AND
CHANGE OF REGISTERED OFFICE ADDRESS**

FINANCIAL HIGHLIGHTS

- For the six months ended 30 June 2016, the revenue amounted to approximately RMB1,251.1 million, representing an increase of 27.4% as compared with that of approximately RMB982.1 million for the corresponding period of 2015.
- For the six months ended 30 June 2016, the profit before tax amounted to approximately RMB546.8 million, representing an increase of 48.7% as compared with that of approximately RMB367.7 million for the corresponding period of 2015.
- For the six months ended 30 June 2016, the profit for the period amounted to RMB389.5 million, representing an increase of 44.3% as compared with that of approximately RMB269.9 million for the corresponding period of 2015.
- As at 30 June 2016, the total assets amounted to approximately RMB25,347.2 million, representing an increase of 7.1% as compared with that of approximately RMB23,657.9 million as at 31 December 2015.
- As at 30 June 2016, the total equity amounted to approximately RMB6,091.6 million, representing an increase of 3.6% as compared with that of approximately RMB5,881.2 million as at 31 December 2015.
- For the six months ended 30 June 2016, the return on equity was 13.01%.
- For the six months ended 30 June 2016, the return on assets was 3.18%.

In this announcement, “we”, “us” and “our” refer to the Company (as defined below) and where the context otherwise requires, the Group (as defined below).

The board (the “**Board**”) of directors (the “**Directors**”) of Universal Medical Financial & Technical Advisory Services Company Limited (the “**Company**”) is pleased to announce that the unaudited condensed consolidated interim results of the Company and its subsidiaries (together, the “**Group**”) for the six months ended 30 June 2016 with the comparative figures for the corresponding period or the end of 2015 are as follows:

INTERIM CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the six months ended 30 June 2016

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

INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2016

		30 June 2016 (Unaudited) RMB'000	31 December 2015 (Audited) RMB'000
	<i>Notes</i>		
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

		30 June 2016 (Unaudited) RMB'000	31 December 2015 (Audited) RMB'000
	<i>Notes</i>		
NON-CURRENT LIABILITIES			
Interest-bearing bank and other borrowings	<i>14</i>	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	<i>15</i>	4,327,842	4,327,842
Reserves	<i>16</i>	1,763,784	1,553,358
Total equity		6,091,626	5,881,200

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2016

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

* 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 <i>RMB'000</i>	Capital reserve <i>RMB'000</i>	Statutory reserve <i>RMB'000</i>	Exchange fluctuation reserve <i>RMB'000</i>	Retained profits <i>RMB'000</i>	Total <i>RMB'000</i>
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)	<u>1,579,905</u>	<u>14,221</u>	<u>119,128</u>	<u>1,736</u>	<u>992,415</u>	<u>2,707,405</u>

For the six months ended 30 June 2016

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		For the six months ended 30 June	
		2016	2015
		(Unaudited)	(Unaudited)
Notes		RMB'000	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			
	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

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

1. CORPORATE INFORMATION

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 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.

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

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, sale of medical equipment, and medical equipment leases under operating lease arrangements in Mainland China. For management purposes, the aforesaid businesses are integral and the Group has not organised 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
	<i>(Unaudited)</i>	<i>(Unaudited)</i>
	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)
	<u>1,251,076</u>	<u>982,051</u>
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
	<u>3,890</u>	<u>3,841</u>

5. PROFIT BEFORE TAX

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

	<i>Note</i>	For the six months ended 30 June	
		2016	2015
		(Unaudited) RMB'000	(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) RMB'000	(Unaudited) RMB'000
Current – Mainland China			
Charge for the period		165,778	95,976
Underprovision/(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.

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 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
	<i>(Unaudited)</i>	<i>(Unaudited)</i>
	<i>RMB'000</i>	<i>RMB'000</i>
Profit attributable to ordinary equity holders of the parent, used in the basic earnings per share calculation	<u>389,545</u>	<u>269,914</u>

Shares

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

Diluted earnings per share for the six months ended 30 June 2016 and 2015 are the same as the basic earnings per share as there were no potential dilutive 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 18 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 (<i>note 11b</i>)	27,907,718	25,812,062
Less: Unearned finance income	(4,592,428)	(4,211,410)
Net lease receivables (<i>note 11b</i>)	23,315,290	21,600,652
Accounts receivable (<i>note 11d</i>)	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 (<i>note 11c</i>)	(328,501)	(288,520)
	22,997,594	21,316,958

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

	30 June 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	<u>27,907,718</u>	<u>25,812,062</u>
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	<u>23,315,290</u>	<u>21,600,652</u>

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	<u>27,907,718</u>	<u>25,812,062</u>
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	<u>23,315,290</u>	<u>21,600,652</u>

11c. Change in provision for lease receivables

	Individually assessed			Collectively assessed			Total		
	30 June 2016	30 June 2015	31 December 2015	30 June 2016	30 June 2015	31 December 2015	30 June 2016	30 June 2015	31 December 2015
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
	(Unaudited)	(Unaudited)	(Audited)	(Unaudited)	(Unaudited)	(Audited)	(Unaudited)	(Unaudited)	(Audited)
At 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 end of period/year	<u>74,016</u>	<u>60,069</u>	<u>64,383</u>	<u>254,485</u>	<u>189,457</u>	<u>224,137</u>	<u>328,501</u>	<u>249,526</u>	<u>288,520</u>

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 ageing 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	<u>4,805</u>	<u>4,805</u>
Total	<u>4,805</u>	<u>4,826</u>

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

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	<u>1,812,797</u>	<u>1,865,670</u>

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 18. 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.

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	708	38
	<u>263,855</u>	<u>94,773</u>

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 ageing 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
	<u>263,855</u>	<u>94,773</u>

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
			<u>7,198,146</u>			<u>7,634,574</u>
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
			<u>9,416,770</u>			<u>7,823,780</u>
			<u>16,614,916</u>			<u>15,458,354</u>

	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	<u>1,716,304,580</u>	<u>1,716,304,580</u>	<u>4,327,842</u>	<u>4,327,842</u>

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)	<u>1,716,304,580</u>	<u>4,327,842</u>
As at 30 June 2016 (Unaudited)	<u>1,716,304,580</u>	<u>4,327,842</u>
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))	<u>446,738,500</u>	<u>2,882,725</u>
	<u>1,716,304,580</u>	<u>4,435,049</u>
Share issue expenses	<u>—</u>	<u>(107,207)</u>
As at 31 December 2015 (Audited)	<u>1,716,304,580</u>	<u>4,327,842</u>

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. 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).

19. 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.

20. EVENTS AFTER THE REPORTING PERIOD

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

PERFORMANCE OVERVIEW

	For the six months ended 30 June	
	2016	2015
	<i>RMB'000</i>	<i>RMB'000</i>
	<i>(Unaudited)</i>	<i>(Unaudited)</i>
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	31 December
2016	2015
RMB'000	RMB'000
(Unaudited)	(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. Meanwhile, 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.

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 financing 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 decrease in the proportion of our overseas financing activities, despite the increase in financing cost due to the replacement of business tax with value-added tax since 1 May 2016, 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 has 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, grasp excellent hospital management methods, 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 (Public-Private Partnership), 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 underway.

- **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	2015	Change
	<i>RMB'000</i>	<i>RMB'000</i>	
	<i>(Unaudited)</i>	<i>(Unaudited)</i>	
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 (<i>RMB</i>)	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 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 <i>RMB'000</i> <i>(Unaudited)</i>	% of the total	Gross profit <i>RMB'000</i> <i>(Unaudited)</i>	% of the 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%	1675.7%
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 segment and the gross profit of the Group's clinical department upgrade services as a 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		2015		Change
	<i>RMB'000</i> <i>(Unaudited)</i>	% of total	<i>RMB'000</i> <i>(Unaudited)</i>	% of total	
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	<u>915,142</u>	<u>100.0%</u>	<u>696,411</u>	<u>100.0%</u>	<u>31.4%</u>

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 <i>RMB'000</i> <i>(Unaudited)</i>	Interest income ⁽¹⁾ / expense ⁽²⁾ <i>RMB'000</i> <i>(Unaudited)</i>	Average yield ⁽³⁾ / cost rate ⁽⁴⁾	Average balance <i>RMB'000</i> <i>(Unaudited)</i>	Interest income ⁽¹⁾ / expense ⁽²⁾ <i>RMB'000</i> <i>(Unaudited)</i>	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 of the Group 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 full implementation of 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 that of the corresponding 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 resulting from the full implementation of replacement of business tax with value-added tax since 1 May 2016, benefiting from the decreasing domestic financing cost resulting from the interest rate cuts by the People's Bank of China and national policies that encourage direct financing and broaden social financing channels, and the Group's measures to improve financing structure such as decreasing the proportion of overseas financing to 17.6% at the end of June 2016 from 40.3% at the end of June 2015, the average cost rate of corresponding interest-bearing liabilities decreased significantly as compared to that of the corresponding 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	<u>69,716</u>	<u>60,141</u>	<u>100.0%</u>	<u>34,819</u>	<u>27,032</u>	<u>100.0%</u>

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 healthcare 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		
	<i>RMB'000</i>	<i>% of total</i>	<i>RMB'000</i>	<i>% of total</i>	Change
	<i>(Unaudited)</i>		<i>(Audited)</i>		
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 assets	224	0.0%	28	0.0%	700.0%
Other assets	2,782	0.0%	—	—	—
Total	<u>25,347,178</u>	<u>100.0%</u>	<u>23,657,881</u>	<u>100.0%</u>	<u>7.1%</u>

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:

	<u>30 June 2016</u>		<u>31 December 2015</u>		
	<i>RMB'000</i>	% of total	<i>RMB'000</i>	% of total	Change
	<u>(Unaudited)</u>		<u>(Audited)</u>		
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	<u>22,986,789</u>		<u>21,312,132</u>		<u>7.9%</u>

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:

	<u>30 June 2016</u>		<u>31 December 2015</u>		
	<i>RMB'000</i>	% of total	<i>RMB'000</i>	% of total	Change
	<u>(Unaudited)</u>		<u>(Audited)</u>		
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		
	<i>RMB'000</i>	<i>% of total</i>	<i>RMB'000</i>	<i>% of total</i>	Change
	<i>(Unaudited)</i>		<i>(Audited)</i>		
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	<u>23,315,290</u>	<u>100.00%</u>	<u>21,600,652</u>	<u>100.00%</u>	<u>7.9%</u>
Non-performing assets ⁽¹⁾	181,555		168,264		
Non-performing asset ratio ⁽²⁾	<u>0.78%</u>		<u>0.78%</u>		

⁽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 results announcement 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 RMB13.3million 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	31 December
	2016	2015
	(Unaudited)	(Audited)
Overdue ratio (over 30 days) ⁽¹⁾	<u>0.54%</u>	<u>0.46%</u>

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

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		
	<i>RMB'000</i>	<i>% of total</i>	<i>RMB'000</i>	<i>% of total</i>	Change
	<i>(Unaudited)</i>		<i>(Audited)</i>		
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	<u>19,255,552</u>	<u>100.0%</u>	<u>17,776,681</u>	<u>100.0%</u>	<u>8.3%</u>

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		Change
	<i>RMB'000</i> <i>(Unaudited)</i>	% of total	<i>RMB'000</i> <i>(Audited)</i>	% of total	
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% by 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		Change
	<i>RMB'000</i> <i>(Unaudited)</i>	% of total	<i>RMB'000</i> <i>(Audited)</i>	% of total	
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 percentage points as compared to 70.4% by the end of 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		
	<i>RMB'000</i>	<i>% of total</i>	<i>RMB'000</i>	<i>% of total</i>	Change
	<i>(Unaudited)</i>		<i>(Audited)</i>		
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	<u>16,614,916</u>	<u>100.0%</u>	<u>15,458,354</u>	<u>100.0%</u>	<u>7.5%</u>

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		
	<i>RMB'000</i>	<i>% of total</i>	<i>RMB'000</i>	<i>% of total</i>	Change
	<i>(Unaudited)</i>		<i>(Audited)</i>		
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	<u>16,614,916</u>	<u>100.0%</u>	<u>15,458,354</u>	<u>100.0%</u>	<u>7.5%</u>

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		
	<i>RMB'000</i>	% of total	<i>RMB'000</i>	% of total	Change
	<i>(Unaudited)</i>		<i>(Audited)</i>		
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	<u>16,614,916</u>	<u>100.0%</u>	<u>15,458,354</u>	<u>100.0%</u>	<u>7.5%</u>

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		Change
	2016	2015	
	<i>RMB'000</i>	<i>RMB'000</i>	
	<i>(Unaudited)</i>	<i>(Unaudited)</i>	
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	<u>(52,873)</u>	<u>153,637</u>	<u>-134.4%</u>

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 <i>RMB'000</i> <i>(Unaudited)</i>	31 December 2015 <i>RMB'000</i> <i>(Audited)</i>
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	<u>75.97%</u>	<u>75.14%</u>

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	<u>2.73</u>	<u>2.63</u>

As at 30 June 2016, the Group's gearing ratio has 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 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.

	Change in foreign exchange rate %	Increase/(decrease) in profit before tax	
		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	<u>1</u>	<u>368</u>	<u>984</u>

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 are likely to incur losses notwithstanding the enforcement of any guarantees underlying the lease contract. For example, if a lease payment that has been categorised as special mention continues to be overdue for a period of time, then the lease receivables for this lease contract should be classified as substandard or lower.

Doubtful. The lessee's ability to pay is in question as it is unable to make lease payments in full and/or on a timely basis with its operating revenues and we are likely to incur significant losses notwithstanding the enforcement of any guarantees underlying the lease contract. For example, if a lease payment that has been categorized as substandard continues to be overdue for a period of time, the lease receivables for this lease contract shall be classified as doubtful or lower.

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

Asset management measures

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	
	<i>RMB'000</i>	<i>% of total</i>	<i>RMB'000</i>	<i>% of total</i>
	<i>(Unaudited)</i>		<i>(Audited)</i>	
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	<u>23,315,290</u>	<u>100.0%</u>	<u>21,600,652</u>	<u>100.0%</u>

The customers of the Group are mainly concentrated in the healthcare industry and the education industry. Since both the healthcare industry and the education industry belong to basic livelihood industries and are weakly correlated to the economic cycle, there is no significant credit risk concentration within the Group.

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

	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
<i>As at 30 June 2016 (Unaudited)</i>					
Net lease receivables	296,637	—	—	—	296,637
<i>As at 31 December 2015 (Audited)</i>					
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	<u>181,555</u>	<u>168,264</u>

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

7.4 Liquidity Risk

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

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

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

	On demand <i>RMB'000</i>	Less than 3 months <i>RMB'000</i>	3 to 12 months <i>RMB'000</i>	1 to 5 years <i>RMB'000</i>	Over 5 years <i>RMB'000</i>	Total <i>RMB'000</i>
<i>As at 30 June 2016 (Unaudited)</i>						
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⁾	<u>1,869,884</u>	<u>133,007</u>	<u>(630,183)</u>	<u>7,566,633</u>	<u>247,700</u>	<u>9,187,041</u>
<i>As at 31 December 2015 (Audited)</i>						
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⁾	<u>1,931,371</u>	<u>(259,919)</u>	<u>(666,358)</u>	<u>7,844,953</u>	<u>2,715</u>	<u>8,852,762</u>

⁽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	<u>1,278</u>	<u>1,278</u>

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 commitments	373	5,628
Credit commitments ⁽¹⁾	<u>447,491</u>	<u>804,604</u>

- ⁽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.

DIVIDEND

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

CORPORATE GOVERNANCE CODE

The Company has applied the principles and code provisions as set out in the Corporate Governance Code (the “**CG Code**”) contained in Appendix 14 to the Rules Governing the Listing of Securities on The Stock Exchange (the “**Listing Rules**”) 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 of association (“**Articles**”) of the Company stipulates that the executive Directors of the Company shall not be subject to the rotational retirement provision, without prejudice of 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.

MODEL CODE FOR SECURITIES TRANSACTIONS

The Company has adopted its own code of conduct regarding directors’ and employee’s dealings in the Company’s securities (the “**Securities Dealing Code**”) on terms no less exacting than the Model Code for Securities Transactions by Directors of Listed Issuers (the “**Model Code**”) as set out in Appendix 10 to the Listing Rules.

Having made specific enquiry to all the Directors (including those Directors who resigned during the accounting period covered by this interim results announcement), 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).

REVIEW OF FINANCIAL INFORMATION

Audit Committee

The Company has established the audit committee of the Board (“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 results announcement.

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 (Chapter 622 of the Laws of Hong Kong) (“**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.

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.

CHANGE OF REGISTERED OFFICE ADDRESS

The Company's registered office address is changed to Room 702, Fairmont House, 8 Cotton Tree Drive, Central, Hong Kong, with effect from 23 August 2016.

PUBLICATION OF INTERIM RESULTS ANNOUNCEMENT AND INTERIM REPORT

This interim results announcement is published on the website of the Stock Exchange at www.hkexnews.hk and the Company's website at www.universalmsm.com, respectively. The interim report of the Company for the six months ended 30 June 2016 containing all the information required under the Listing Rules will be despatched to the shareholders of the Company and published on the above-mentioned websites in due course.

By order of the Board of Directors
**Universal Medical Financial & Technical
Advisory Services Company Limited**
環球醫療金融與技術諮詢服務有限公司
Guo Weiping
Executive Director

Hong Kong, 23 August 2016

As at the date of this announcement, the executive Directors are Mr. Guo Weiping and Ms. Peng Jiahong; the non-executive Directors are Mr. Zhang Yichen (Chairman), Mr. Jiang Xin (Vice-chairman), Mr. Liu Zhiyong, Mr. Liu Xiaoping, Mr. Su Guang and Mr. Zeng Yu; and the independent non-executive Directors are Mr. Li Yinquan, Mr. Chow Siu Lui, Mr. Kong Wei and Mr. Han Demin.