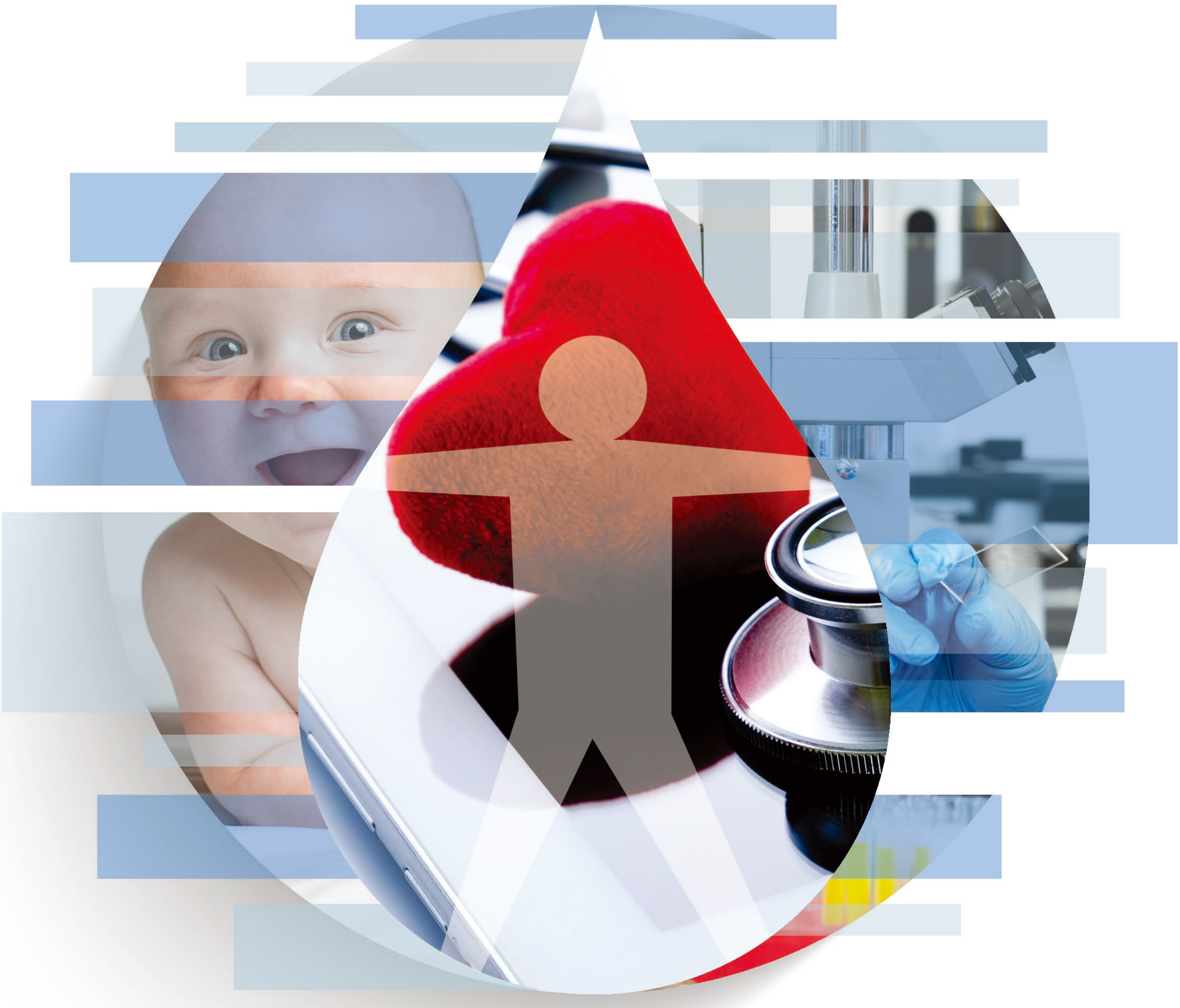
GOLDEN MEDITECH HOLDINGS LIMITED

金衛醫療集團有限公司

(Incorporated in the Cayman Islands with Limited Liability)

(Stock Code: 801.HK)

2016/17 Annual Report



ENHANCING SHAREHOLDERS' VALUE

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CORPORATE PROFILE

Golden Meditech Holdings Limited (the "Company" or "Golden Meditech"; 801.HK; 910801.TW), together with its subsidiaries (collectively referred to as the "Group"), is a leading integrated healthcare enterprise in Mainland China.

Golden Meditech is recognised as a first-mover in Mainland China's healthcare industry. By turning our industry insight into strategies, we have successfully identified opportunities in the market which allow us to establish dominant positions in each of the businesses we operate in. Our strengths in innovation, market expertise, stringent demand on quality, proven strategies and ability to capture emerging market opportunities have enabled us to unleash the potential of each business unit and effectively accelerated our business growth.

THE HEALTHCARE SERVICES SEGMENT

Focusing on hospital management and related services, the Group currently owns three hospitals in Beijing and Shanghai. Shanghai East International Medical Center is a renowned hospital serving high-end Chinese and foreign expatriates in Shanghai. Beijing Qinghe Hospital located in Beijing Haidian District is a general hospital with various faculties, specialised in hematology treatments. Beijing Sunbow Obstetrics & Gynecology Hospital provides obstetrics, gynecology and pediatric medical services at international standards.

GM-Medicare Management (China) Company Limited is the medical insurance administration and third-party administration service provider in Mainland China, connecting insurance companies, hospitals and policy holders by providing claim processing and bill settlement services.

The healthcare services segment also includes (to be disposed) China Cord Blood Corporation ("CCBC"; CO:NYSE), a subsidiary of the Group. CCBC is the first and largest umbilical cord blood bank operator in Mainland China that owns exclusive licenses in Beijing, Guangdong and Zhejiang, and a partial interest in the exclusive operator in Shandong. Both Beijing and Guangdong subsidiaries of CCBC have received the accreditations from American Association of Blood Banks. CCBC is one of the shareholders of Cordlife Group Limited (P8A.SGX), the largest cord blood bank operator in Southeast Asia.

THE MEDICAL DEVICES SEGMENT

The Group is the first-mover in the development, manufacture, sales and distribution of blood-related medical devices in Mainland China. Our domestically developed products are specialised in blood recovery, purification and treatment. Our flagship product Autologous Blood Recovery System was the first device of its kind that obtained approval from the China Food and Drug Administration.

VISION AND MISSION

The Group is committed to achieving long-term sustainable growth through unremittingly cultivating our healthcare services and medical devices operations. We are investing in the healthcare industry with prominent market potentials, limited competition, and high investment returns in order to continuously enhance our shareholders' value. The Group is striving to maintain our leading position in Mainland China's integrated healthcare industry, creating a balanced portfolio and enable each business operation to be a leader in its respective market. We adhere closely to the relevant policy of the government through accelerating the consolidation of the business structure. We endeavour to benchmark ourselves alongside the global industry leaders in both quality and standards.

BUSINESS STRUCTURE

Golden Meditech Holdings Limited

(801.HK; 910801.TW)

- MEDICAL DEVICES SEGMENT
- HEALTHCARE SERVICES SEGMENT
  - China Cord Blood Corporation (CO.NYSE)
  - Hospital Management Business
  - Medical Insurance Administration Business
- STRATEGIC INVESTMENTS

Note: China Cord Blood Corporation is classified as discontinuing operation.

The group is committed to achieving long-term sustainable growth through unremittingly cultivating our healthcare services and medical devices operations.

CORPORATE HISTORY AND MILESTONES

2017

- Entered into a conditional sale and purchase agreement with Nanjing Ying Peng Hui Kang Medical Industry Investment Partnership (Limited Partnership) (南京盈鵬蕙康醫療產業投資合夥企業(有限合夥)) regarding the disposal of the Group's entire 65.4% equity interest in CCBC upon terminating the Previous Agreement
- Teamed up with The University of Texas at MD Anderson Cancer Center in the U.S.A. to create Cellenkos, Inc., focusing on umbilical cord blood derived T-regulatory cellular therapies
- Teamed up with Hope Health Center in the U.S.A. to establish a private precision medical center, focusing on the combined treatment of standard chemotherapy, immunotherapy, and targeted therapy for various types of cancers
- Beijing Sunbow Obstetrics & Gynecology Hospital officially commenced its operation

2016

- Entered into a conditional sale and purchase agreement with Nanjing Xinjiekou Department Store Co., Ltd. (600682.SH) regarding the disposal of the Group's 65.4% equity interest (on a fully diluted basis) in CCBC (the "Previous Agreement")
- Acquired all convertible notes issued by CCBC and certain number of ordinary shares of CCBC to increase the Group's shareholdings to 65.4% (on a fully diluted basis) in CCBC

2015

- Acquired the remaining equity interest in GM Hospital Group Limited to consolidate shareholdings in hospital management business

2014

- New cord blood storage facilities in Guangdong Province and Zhejiang Province opened in the first half of fiscal year 2015

2013

- Beijing Qinghe Hospital with over 500 beds located in Beijing Haidian District started its trial run in December

2012

- The medical devices segment established a new distribution business for imported high-end overseas medical devices

2011

- Became the first healthcare enterprise from Mainland China to successfully list its depositary receipts on the Taiwan Stock Exchange
- Acquired Shanghai East International Medical Center to enter into premium healthcare services market
- CCBC secured an exclusive license to operate cord blood storage business in Zhejiang Province

2010

- Changed its name to "Golden Meditech Holdings Limited", to better reflect the Group's integrated business model, diversified revenue streams and depth exposure in Mainland China's healthcare industry
- Launched Mainland China's first third-party medical insurance administration, GM-Medicare Management (China) Company Limited, as a joint venture with two leading US-based health maintenance organisations

CORPORATE HISTORY AND MILESTONES

2009
- New cord blood storage facility, then the largest cord blood storage facility in the world in terms of capacity and daily processing volume, commenced operation in Beijing
- Transferred listing from the Growth Enterprise Market ("GEM") onto the Main Board of The Hong Kong Stock Exchange Limited (801.HK)
- Entered into the hospital management business
- CCBC (CO.NYSE) successfully listed on the New York Stock Exchange

2008
- New cord blood storage facility in Guangdong Province commenced operation

2007
- Expansion of cord blood storage business into Guangdong Province

2003
- Strategic investment in the first cord blood bank in Mainland China and commencement of cord blood storage business in Beijing

2002
- Medical devices production facility located in Beijing commenced production

2001
- Listed on the GEM of The Stock Exchange of Hong Kong Limited (8180.HK)

CHAIRMAN'S STATEMENT

Dear Shareholders,

On behalf of the board of directors (the "Board") of Golden Meditech Holdings Limited (the "Company" or "Golden Meditech", together with its subsidiaries, collectively referred to as the "Group"), I am pleased to report the Company's annual results for the fiscal year ended 31 March 2017 ("FY2016/2017" or the "Year").

During the Year, total revenue from external customers increased by 1.7% year-on-year to HK$1,070,387,000 (including both continuing operations and discontinuing operation). A high point in FY2016/2017 was the conditional disposal of the Group's entire 65.4% fully-diluted equity interest in China Cord Blood Corporation, for a cash consideration of RMB5,764,000,000 (equivalent to approximately HK$6,398,000,000) (the "Disposal"). The Disposal not only enables the Group to realise its investment in the cord blood storage business, resulting in sound returns to both the Group and the Company's shareholders, but also improve the Company's cash reserve.

We are grateful and inspired by the Disposal as it demonstrated the Group's outstanding capabilities in exploring, cultivating and growing high-potential investment projects in the healthcare sector. The Group was initially a single business corporation focusing on medical devices business. However, the Group began to diversify its business profile after going public. Our insights of the healthcare industry shows that the healthcare services sector in China was highly segmented, and at the early stage of development with tremendous growth potential. Therefore, we decided to expand into healthcare services sector. Since 2003, the Group devoted its resources to cultivate and grow its cord blood storage business. It currently owns three umbilical cord blood stem cell banks, compared to one bank when the business was first started, paving ways for economies-of-scale development. Our success in cultivating cord blood storage business proves that the Group possessed excellent vision and determined execution capabilities in investing in healthcare projects.

In the past years, we successfully transformed the business model of cord blood storage business and applied it onto our hospital management business. The ongoing reform of medical system in the PRC, combined with the encouragement for private hospitals' participation in the healthcare services sector, have provided opportunities to the Group to venture into the hospital business in 2008. Notably, we targeted the established high-end healthcare markets in first-tier and second-tier cities in the PRC by strategically integrating both specialty and general hospitals. Presently, we will continue to strengthen the hospitals owned by the Group through team building, enhancing operation management and expanding scale of operation, thus, enhancing our profitability. Beijing Sunbow Obstetrics & Gynecology Hospital commenced operation during the Year and the Group is committed to expand the coverage and regional recognition of this hospital. Besides, the Group, together with the collaboration of The University of Texas at MD Anderson Cancer Center, will promote the umbilical cord blood derived T-regulatory cellular therapies and aim to expand such technology into Asian market in the coming years.

I am confident in the future of the Company and during the Year, a voluntary conditional cash offer (the "Offer") was submitted to the Company through my controlled company – Magnum Opus 3 International Holdings Limited ("Magnum 3"). Following the close of the Offer, Magnum 3 and its associates deemed controlled by me held an aggregate of 2,087,043,560 shares, representing approximately 70.36% of the issued share capital and voting rights of the Company.

FUTURE PROSPECTS

There are plenty of opportunities in the PRC healthcare market by simply looking at its current market demand and industry structure. The growing aging population, coupled with the increasing health awareness and the increase in the domestic per capita disposable income, are the three major impetuses that drive the sustaining growth of healthcare sector in the PRC. According to the research report on the Development of China's Pharmaceutical Industry and Investment Analysis (2014-2019) issued by Zhongshang Industry Institute, it is expected that total medical expenditure in the PRC will increase to RMB4.7 trillion in 2017, representing 6.1% of GDP, from RMB3.9 trillion in 2015, representing 5.8% of GDP. Although China has become the world's second largest economy, total medical expenditure in the PRC is still low compared to average of 7.7% in other major developed economies, offering rooms for growth in the future. China's economy maintains a stable growth. This has prompted the PRC government not only encouraging the emerging industries of strategic importance to carry out industry upgrade and structure optimisation, but also supporting the development of innovation-driven bio-medicine and high-performance medical device industry. Few measures adopted include promoting private enterprises to participate in the public hospital reform, implementing the scheme of multi-employment of physician practice and relaxing approvals on the inclusion of national healthcare insurance for private hospitals.

CHAIRMAN'S STATEMENT

As a leading integrated healthcare group with great vision, we look forward with confidence. The Group will strategically deploy its resources on business upgrades and optimisation, like investing more in hospital business, expanding the coverage of hospital network and operation scale, strengthening the operation and management capabilities, as well as building innovative hospital management model and operation model. At the same time, the Group will actively seek new healthcare-related merger and acquisition opportunities, hoping to expand its value chain businesses and release their synergies effect. In addition, by leveraging on its listing status, the Group will explore new investment opportunities with high returns at local and abroad. The Group is continually striving to use every effort to diversify development and growth, thus provide better returns for shareholders.

As the Disposal has yet to be completed during the Year, the Board did not recommend the payment of a final dividend in respect of the year ended 31 March 2017. In the long run, Golden Meditech will balance its long-term development and shareholders' interests, with a view to maximising long-term value to all shareholders.

On behalf of the Board, I would like to take this opportunity to express my sincere appreciation to all our valued shareholders and customers for their continuing support. I would like to end by thanking all of our employees for their passion and contribution.

KAM Yuen
Chairman
28 June 2017

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

Golden Meditech Holdings Limited (the "Company" or "Golden Meditech", together with its subsidiaries, collectively referred to as the "Group") is an integrated healthcare enterprise. Its main continuing operations include the healthcare services segment and the medical devices segment. The healthcare services segment currently consists of hospital management business and medical insurance administration business, and cord blood storage business, which was classified as discontinuing operation in the fiscal year 2015/2016. The medical devices segment currently consists of the manufacturing and the sale of medical devices and its consumables. In addition, the Group has also ventured into healthcare related strategic investments.

Continuing Operations

I. Healthcare Services Segment

Hospital Management Business

Leveraging on its well-known brand and sound reputation, Shanghai East International Medical Center ("SEIMC") provides premium healthcare services to the affluent people in Shanghai and the surrounding neighbourhoods. It has achieved a stable development over the years. SEIMC recruits a team of full-time experienced Chinese and foreign medical experts and is able to provide direct bill settlement with several international insurance companies. SEIMC is committed to expanding its scale of business to meet the increasing demand in the high-end healthcare services market.

Beijing Sunbow Obstetrics & Gynecology Hospital ("Sunbow O&G Hospital") commenced operation in October 2016. Equipped with the advanced medical equipment, Sunbow O&G Hospital introduces an innovative healthcare service model which includes assignment of a doctor to each mum-to-be during her pregnancy, tailor-made services and the involvement of patients in major medical decision-making process. This enables Sunbow O&G Hospital to fill the unmet demand caused by the lack of specialist hospital for obstetrics and gynecology services in the northwest regions of Beijing. Currently, Sunbow O&G Hospital offers 99 beds and provides obstetrics, gynecology and pediatric medical services at international standards. Its medical team previously worked at Beijing Obstetrics & Gynecology Hospital, the Department of Obstetrics & Gynecology at third-grade class A general hospitals in Beijing as well as other large private obstetrics & gynecology hospitals. Beijing has experienced a rising number of childbirth lately. It is expected that this trend would intensify when the two-child policy is fully implemented. However, the short supply of beds in Beijing's obstetrics & gynecology hospitals has made such obstetrics & gynecology services a scarce resource in the region. Sunbow O&G Hospital is committed to building a leading obstetrics & gynecology hospital in Beijing as well as in China, providing quality obstetrics & gynecology services to expectant parents.

Beijing Qinghe Hospital ("Qinghe Hospital") is specialised not only in haematology but also in a broad range of medical disciplines. It offers 500 beds, of which 48 beds are haematology wards. Through working seamlessly with the Peking University People's Hospital (北京大學人民醫院), Qinghe Hospital strives to deliver prime healthcare services focusing on haematology speciality. Qinghe Hospital actively innovated its service model, operating model and management model since obtaining its license in late 2015. Integrating social capital and public hospital through entrusted management, Qinghe Hospital managed to improve its service and operating efficiency, paving future growth for the Group's healthcare services segment.

Hospital management business is one of the Group's key focuses. The Chinese government successively rolled out healthcare reform policies which provide foundation for expansion for social capitals and various types of healthcare institutions. Thanks to these favourable policies, the Group is able to further innovate and develop its hospital management business. Being a pioneer private hospital operator, the Group successfully acquired three hospitals in Beijing and Shanghai by seizing the medical reform opportunities. The success proves that the Group is highly capable of innovating social-capital-run hospitals and bolstering the investment and management in healthcare services sectors. Moreover, it provides prerequisites for the Group to tap further into the upstream and downstream sectors along the healthcare chain, such as rehabilitation care and elderly care businesses.

Medical Insurance Administration Business

GM-Medicare Management (China) Company Limited ("GM-Medicare"), a subsidiary of the Group, is a leading information technology solution provider in healthcare insurance sector. It provides operation and information technology solutions and services to insurance companies, social security agencies and healthcare institutions. Under the current healthcare reform, GM-Medicare is the first third-party administrator ("TPA") who assisted the government's healthcare insurance agencies in realising off-site real-time review process and bill settlement. Its self-developed intellectuallised administration system and software platform can provide accurate and tailor-made backroom services to domestic and foreign healthcare insurance companies and agencies. In addition, GM-Medicare's instant settlement services help its hospital partners to achieve internationalisation and service innovation by drawing in premium customers and patients from abroad. The competition in domestic market, combined with intensified medical insurance system reforms, has seen more and more insurance companies outsource its non-core business to third party, which is in line with the global market trend. Relying on its extensive hospital and overseas business networks and solid information technology services, GM-Medicare is well positioned to become a leading player of information technology management in the healthcare insurance sector. The Group has established long-term cooperative relationships with more than 30 overseas insurance companies and 7 domestic insurance companies. Furthermore, the Group will continue to summarise collaboration experiences with the government's social security agencies and explore more collaboration opportunities with insurance companies.

II. Medical Devices Segment

Beijing Jingjing Medical Equipment Co., Ltd. ("Jingjing") is principally engaged in development, production, sales and distribution of medical devices. Jingjing owns patented technologies and has strengths in research and development as well as sales network. Its self-developed flagship product, Autologous Blood Recovery System ("ABRS"), was the first device of its kind that obtained approval from the China Food and Drug Administration. ABRSs have been installed in hundreds of mid and large-sized hospitals nationwide. The Group timely adjusts its marketing strategy in view of the intensified price competition in medical devices market, and at the same time, the Group is devoted to develop new high-tech products. As an integral part of its healthcare business chain, the medical devices segment is set to synergise with the healthcare services segment and makes contributions to the Group.

III. Strategic Investments

The Group operates a production facility in Shanghai Qingpu District which in turn is 100% owned by its Chinese herbal medicines business. It is learnt that the area in which the production facility is located has been included in the development plan of Qingpu new city. In April 2016, the Group received a notice from Qingpu local government for the possible land resumption plan of Qingpu District. The Group continues to work closely with the local government regarding the land valuation as well as identifying suitable relocation site.

The Company made a full impairment provision of HK$759,934,000 against its investment in Fortress Group Limited ("Fortress", a former associate of the Group) in the fiscal year 2014/2015. To date, the Group has reached settlement agreements with the controlling shareholder of Fortress as well as the relevant parties (please refer to "Key Developments" section below for details).

VERY SUBSTANTIAL DISPOSAL

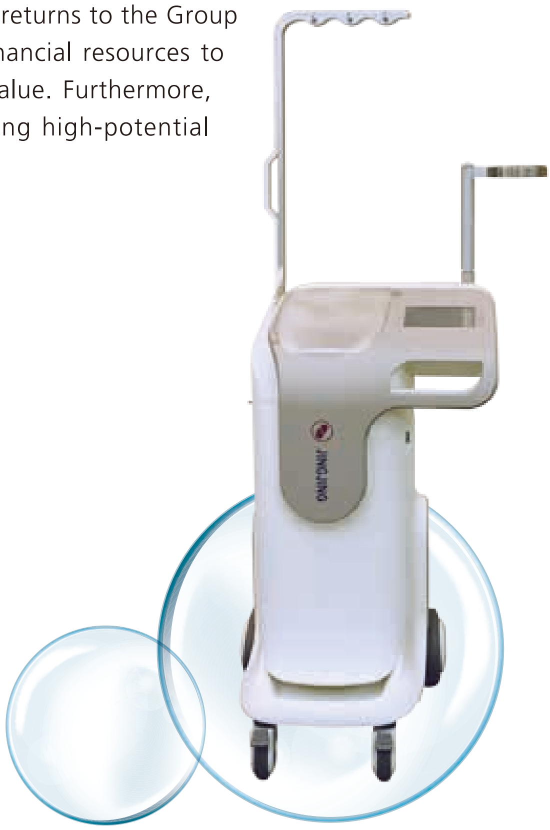
Cord Blood Storage Business – Discontinuing Operation

China Cord Blood Corporation ("CCBC") established its cord blood banks in accordance with international standards. Beijing, Guangdong and Zhejiang cord blood banks have developed steadily over the years. Thanks to this development, cord blood storage services gradually gain recognition from international market as well as consumers in China. During the fiscal year ended 31 March 2017, CCBC signed up approximately 74,952 new subscribers, representing an increase of 19.1% year-on-year; recorded 575,040 accumulated subscribers. The management believes that the disposal of cord blood storage business would enable the Group to re-allocate more financial resources to other existing businesses and new projects with high commercial value.

The Company submitted a non-binding privatisation proposal to the board of directors of CCBC (the "Proposed Privatisation") in April 2015. During the process of the Proposed Privatisation, the Group was approached by Nanjing Xinjiekou Department Store Co., Ltd. ("NJXB") in respect of the disposal of its 65.4% fully-diluted equity interest in CCBC (please refer to the Company's announcement dated 13 January 2016). The disposal was approved by the shareholders of the Company (the "Shareholders") on 15 June 2016. The cord blood storage business was classified as the Group's discontinuing operation during the fiscal year 2015/2016. However, NJXB decided to withdraw the application for the China Securities Regulatory Commission's approval of its acquisition of CCBC shares in August 2016, due to the uncertainty in the regulatory policy at that time regarding significant asset restructuring of listed companies in the PRC. Subsequently, the Company entered into an earnest money agreement with Sanpower Group Limited* (三胞集團有限公司) ("Sanpower"), the substantial shareholder of NJXB in September 2016. Pursuant to the agreement, Sanpower agreed to pay the Company an earnest money of RMB300,000,000 (equivalent to approximately HK$348,867,000 at the date of receipt) so as to secure alternative arrangements for the sale and purchase of CCBC shares.

In December 2016, the Company entered into a sale and purchase agreement with Nanjing Yingpeng Huikang Medical Industry Investment Partnership (Limited Partnership)* (南京盈鵬蕙康醫療產業投資合夥企業（有限合夥）) regarding the disposal of the Company's entire 65.4% fully-diluted equity interest in CCBC for a total cash consideration of RMB5,764,000,000 (equivalent to approximately HK$6,398,000,000) (the "Disposal") (please refer to the Company's announcement dated 30 December 2016). The Disposal was approved by the Shareholders on 22 March 2017. Subsequently, the Company terminated the Proposed Privatisation upon receiving a termination letter from CCBC on 13 April 2017.

The Disposal would enhance the Group's cash position, bring sound returns to the Group and the Shareholders and enable the Group to re-allocate more financial resources to other existing businesses and new projects with high commercial value. Furthermore, it demonstrated our capability in exploring, cultivating and growing high-potential investment projects in healthcare sector.



* The English name is for identification purpose only.

KEY DEVELOPMENTS

Jointly Establishment of Cellenkos, Inc. ("Cellenkos")

In September 2016, the Company, The University of Texas at MD Anderson Cancer Center and an independent strategic investor co-founded Cellenkos. It mainly focuses on umbilical cord blood derived T-regulatory cellular therapies in treating autoimmune diseases. The Company invested US$5,098,000 (equivalent to approximately HK$39,764,000) for 17.4% equity interest in Cellenkos, and was also granted warrants of Cellenkos to purchase an additional US$5,098,000 (equivalent to approximately HK$39,764,000) worth of shares within two years from the agreement date. Such investment will enable the Company to expand the T-regulatory cellular therapies of Cellenkos into key Asian markets in future.

Hope Health Center

In January 2017, COS Company Limited, the Group's wholly-owned subsidiary, Dr. Nader Javadi and an independent strategic investor jointly established a private precision medical center. It mainly focuses on the combined treatment of standard chemotherapy, immunotherapy, and targeted therapy for various types of cancers.

Fortress Settlement Agreement and Sanpower Settlement Agreement

In November 2016, GM Investment Company Limited ("GM Investment"), a wholly-owned subsidiary of the Company, entered into a conditional settlement agreement with PAG Asia I LP, its assignee PAGAC Fortress Holding I Limited ("PAGAC") and Fortress, pursuant to which, GM Investment obtained full authority from Fortress to recover an outstanding amount of approximately US$250,000,000 (equivalent to approximately HK$1,950,000,000) from Sanpower (the "Fortress Unsettled Sum"). According to the agreement, GM Investment agreed to pay PAGAC US$180,000,000 (equivalent to approximately HK$1,404,000,000) by three instalments within 18 months. Any difference in the recovery from Sanpower will be retained by GM Investment for its own use. Following the Fortress settlement agreement, GM Investment entered into a conditional settlement agreement with Sanpower, pursuant to which, Sanpower agreed to pay GM Investment US$300,000,000 (equivalent to approximately HK$2,340,000,000) by five instalments within 36 months as the full and final settlement to resolve the claim in relation to the Fortress Unsettled Sum. The abovementioned two settlement agreements were approved by the Shareholders on 16 January 2017 and were expected to bring cash of approximately US$120,000,000 (equivalent to approximately HK$936,000,000) to the Group, which exceeded the impairment provision of approximately HK$759,934,000 made against the equity interests in Fortress held by the Group as at 31 March 2015. The first instalments of the abovementioned two settlement agreements were completed in March 2017.

FINANCING

Convertible Notes – Deed of Variation

In October 2016, the Company signed a deed of variation with Gem Power International Limited, an indirectly and wholly-owned subsidiary of CCB International (Holdings) Limited, regarding the convertible notes in the principal amount of US$20,000,000 (equivalent to approximately HK$156,000,000) issued by the Company in October 2014. Pursuant to the deed of variation, the conversion price was adjusted from HK$1.33 to HK$1.10, and accordingly, the conversion shares were adjusted from 116,541,353 new shares to 140,909,091 new shares. Such convertible notes are due in November 2017.

KEY FINANCIAL PERFORMANCE INDICATORS

The Group reported the operating results of CCBC during the fiscal years ended 31 March 2017 ("FY2016/2017" or the "Year") and 2016 separately as discontinuing operation in the consolidated income statement. Assets and liabilities of CCBC as at 31 March 2017 and 2016 were presented separately as "assets of disposal group classified as held for sale" and "liabilities of disposal group classified as held for sale" in the consolidated statement of financial position.

Continuing Operations

In FY2016/2017, the Group's total revenue from continuing operations amounted to HK$230,666,000, representing a decrease of 18.1% year-on-year. Of which, revenue from the healthcare services segment and the medical devices segment accounted for 28.2% and 69.7% respectively. The decline in total revenue from continuing operations was mainly attributable to the 23.7% year-on-year decrease in medical devices revenue.

I. Healthcare Services Segment

	FY2016/2017 (HK$'000)	FY2015/2016 (HK$'000)
Revenue from hospital management business	**60,456**	59,688
Revenue from medical insurance administration business	**4,693**	5,932
Selling and administrative expenses	**(199,725)**	(207,627)
Loss before interest, tax, depreciation and amortisation and impairment loss on goodwill	**(99,702)**	(104,429)
Impairment loss on goodwill	**(294,995)**	—
Loss after tax	**(480,304)**	(181,198)

In FY2016/2017, revenue from the healthcare services segment decreased by 0.7% year-on-year to HK$65,149,000. Revenue generated from hospital management business and medical insurance administration business were HK$60,456,000 and HK$4,693,000, accounting for 92.8% and 7.2% of healthcare services revenue, respectively.

Hospital Management Business

During the Year, revenue from SEIMC amounted to HK$59,279,000, representing a decrease of 0.7% year-on-year, while the newly opened Sunbow O&G Hospital contributed revenue of HK$1,177,000 to the Group.

Qinghe Hospital, a large general hospital of the Group, was searching for suitable operation and business models since it obtained its license in late 2015. The Group adjusted the cooperation models of its hospital management business. Based on the revised cashflow forecast, the Group recognised an impairment loss on goodwill of HK$294,995,000, as the carrying amount of the hospital management business exceeds its recoverable amount. Despite such impairment, the Group is still confident the adjusted cooperation model will bring future growth to its hospital management business.

The Group will strive to strengthen medical team, adhere to strict hospital operation disciplines, enhance quality management and improve operating efficiency, so as to accelerate its business growth. Meanwhile, the Group will continue to implement tight cost control to boost its overall profitability.

Medical Insurance Administration Business

Revenue from medical insurance administration business was HK$4,693,000 during the Year. The Group's self-developed long-distance claim system not only relieves financial burden of policy holders through providing long-distance settlement services, but also provides comprehensive solutions to local governments for long-distance control on insurance claims. The Group will summarise collaboration experiences with government and explore more opportunities for providing its TPA services to insurance companies and healthcare institutions.

During the Year, selling and administrative expenses from the healthcare services segment decreased by 3.8% to HK$199,725,000, mainly resulted from cost saving initiatives that were taken by the management.

II. Medical Devices Segment

	FY2016/2017 (HK$'000)	FY2015/2016 (HK$'000)
Revenue from medical devices	**12,070**	35,049
Revenue from medical device consumables	**112,113**	131,832
Revenue from distribution of medical consumables	**36,480**	43,789
Selling and administrative expenses	**(52,049)**	(56,582)
Profit before interest, tax, depreciation and amortisation	**42,794**	60,913
Profit after tax	**28,361**	40,402

In FY2016/2017, revenue from the medical devices segment decreased by 23.7% year-on-year to HK$160,663,000, accounting for 69.7% of the Group's total revenue from continuing operations. The decrease was mainly attributable to the saturated ABRS market in mid and large-sized hospitals in first-tier cities as well as the intensified price competition. Leveraging on product brand and the adjustment on its ABRSs' selling price, the Group managed to maintain the sale of medical device consumables.

During the Year, selling and administrative expenses from the medical devices segment amounted to HK$52,049,000, representing a decrease of 8.0% year-on-year. The decrease was mainly attributable to the decline in travelling expenses.

III. Strategic Investments

	FY2016/2017 (HK$'000)	FY2015/2016 (HK$'000)
Revenue from Chinese herbal medicines business	**4,854**	5,268
Selling and administrative expenses	**(19,743)**	(12,449)
(Loss)/profit before interest, tax, depreciation and amortisation	**(4,237)**	5,093
Loss after tax	**(19,973)**	(12,460)
Reversal of impairment loss on investment in Fortress	**734,525**	—

The Chinese herbal medicines business recorded an operating loss of HK$23,345,000 during the Year. The Group received a possible land resumption notice from the local government in Qingpu District of Shanghai. The Group expects to improve its cash position if the land resumption is successful.

In FY2016/2017, the Group recognised a reversal of impairment loss on its investment in Fortress of HK$734,525,000, as a result of the abovementioned Fortress settlement agreement and Sanpower settlement agreement.

During the Year, selling and administrative expenses from strategic investments amounted to HK$19,743,000, representing an increase of 58.6% year-on-year. The increase was largely attributable to a one-off write-off of other payable of HK$11,466,000 in the fiscal year 2015/2016.

GROUP FINANCIAL REVIEW

Gross Profit Margin

Gross profit margin from continuing operations decreased by 3.4 percentage points year-on-year to 42.4%, primarily attributable to the increased costs incurred for the startup operation of Sunbow O&G Hospital. The Group's core businesses, the healthcare services segment and medical devices segment, reported gross profit margins of 29.5% and 52.3%, as compared to 67.9% and 50.5% in the corresponding period last year, respectively.

Selling and Administrative Expenses

The Group continued to enhance its marketing and business development initiatives in each of its business segment. Selling and administrative expenses for the Year totalled HK$423,455,000, representing an increase of 1.8% year-on-year. The increase was mainly attributable to the retrospective provision for retirement benefits of HK$35,150,000 in accordance with the directors' retirement benefits scheme which was approved by Shareholders at the 2016 annual general meeting.

Other Income

During the Year, the Group recorded other income of HK$14,582,000, as compared to HK$24,622,000 in the corresponding period last year. Such fluctuation was largely attributable to the net realised and unrealised profit recorded in trading securities last year, as well as the net gains from the sale of available-for-sale securities, while no such income was recorded this year.

Operating Loss from Continuing Operations

During the Year, the Group recorded an operating loss from continuing operations of HK$312,168,000, as compared to an operating loss of HK$265,240,000 in the corresponding period last year, primarily due to the abovementioned decrease in gross profit and other income as well as the increase in selling and administrative expenses.

Finance Costs

Current year finance costs increased substantially by 296.0% to HK$572,119,000. The year-on-year variance is primarily due to interests accrued on the US$250,000,000 (equivalent to approximately HK$1,950,000,000) promissory notes that were issued in December 2015.

Income Tax Expense

The Group's total income tax expense was HK$2,672,000, representing a decrease of 38.2% year-on-year. Such fluctuation was largely attributable to the decline in the taxable profits of medical devices segment as compared to the corresponding period last year.

Profit/(Loss) for the Year from Discontinuing Operation

	FY2016/2017 (HK$'000)	FY2015/2016 (HK$'000)
Revenue	**876,201**	812,944
Cost of sales	**(144,167)**	(177,683)
Gross profit	**732,034**	635,261
Other income	**26,974**	81,549
Selling expenses	**(202,249)**	(181,607)
Administrative expenses	**(216,028)**	(218,382)
Impairment loss on available-for-sale securities	**(2,943)**	(10,474)
Profit from operations	**337,788**	306,347
Finance costs	**(1,704)**	(3,739)
Changes in fair value of financial liabilities at fair value through profit or loss	**—**	(597,170)
Profit/(loss) before tax	**336,084**	(294,562)
Income tax expense	**(44,685)**	(62,706)
Profit/(loss) for the Year from discontinuing operation	**291,399**	(357,268)

CCBC recorded 575,040 accumulated subscribers. Its revenue increased by 7.8% year-on-year to HK$876,201,000, which was largely attributable to increased subscribers. Profit from discontinuing operation amounted to HK$291,399,000. No depreciation and amortisation were charged on the assets of the discontinuing operation subsequent to the classification as "assets of disposal group classified as held for sale" on 31 March 2016. Excluding depreciation and amortisation and changes in fair value of financial liabilities at fair value through profit or loss, adjusted profit from discontinuing operation for the fiscal year 2015/2016 was HK$302,842,000.

Loss Attributable to Equity Shareholders of the Company from Continuing Operations

In FY2016/2017, loss attributable to equity shareholders of the Company from continuing operations was HK$436,770,000, representing an increase of 7.7% year-on-year. Such increase was in line with the increase in operating loss from continuing operations, while the substantial increase in finance costs and the recognition of impairment loss on goodwill during the Year were offset by the reversal of impairment loss on investment in Fortress.

Current Assets and Total Assets from Continuing Operations

As at 31 March 2017, the Group's total current assets and total assets were HK$1,005,944,000 and HK$5,242,235,000 (31 March 2016: HK$1,113,697,000 and HK$4,606,779,000), respectively.

Liquidity and Financial Resources from Continuing Operations

As at 31 March 2017, the Group's cash and bank deposits amounted to HK$512,957,000 (31 March 2016: HK$974,162,000); total interest-bearing borrowings stood at HK$3,003,833,000 (31 March 2016: HK$2,879,636,000). Excluding the promissory notes, total interest-bearing borrowings were HK$564,296,000 (31 March 2016: HK$868,485,000).

Debt Ratio from Continuing Operations

On the basis of total interest-bearing borrowings divided by total equity, the Group's debt ratio was 82.0% as at 31 March 2017 (31 March 2016: 71.2%). Excluding the promissory note, the adjusted Group's debt ratio was 15.4% (31 March 2016: 21.5%). From a long-term perspective, the management is committed to maintain an optimal and stable level of debt ratio, in order to achieve maximum capital efficiency.

Credit and Capital Policies

The Group adopts a relatively prudent approach in treasury policies, through continuously assessing the customers' financial status in order to minimise credit risk. The management closely monitors its cash flow status to mitigate liquidity risk so as to ensure the Group's capital structure would meet its cash flow requirements.

Employees from Continuing Operations and Discontinuing Operation

The Group employed 1,796 (2016: 1,714) full-time staffs in Hong Kong and in Mainland China. Among which, 736 and 1,060 (2016: 736 and 978) staffs were employed in continuing operations and discontinuing operation respectively. During the Year, total staff costs (including directors' remuneration, the Mandatory Provident Fund and equity settled share-based payment expenses) amounted to HK$419,942,000 (2016: HK$366,183,000). The staff costs of the continuing operations and discontinuing operation were HK$170,876,000 and HK$249,066,000 (2016: HK$148,183,000 and HK$218,000,000), respectively.

Details of Pledged Assets and Loan Guarantees from Continuing Operations

As at 31 March 2017, the Group has pledged certain assets as collaterals and provided guarantees for certain borrowings as follows:

i. the bank loans of the Company of HK$383,188,000 (31 March 2016: HK$566,150,000) were guaranteed by certain subsidiaries and Mr. Kam Yuen. The Company has fully settled the bank loans using its own resources in April 2017;

ii. the promissory notes, issued by the Company's subsidiary – Golden Meditech Stem Cells (BVI) Company Limited ("GMSC"), of approximately HK$2,439,537,000 (31 March 2016: HK$2,011,151,000) were secured by the Group's equity interests in CCBC (classified as discontinuing operation), including 38,352,612 ordinary shares of CCBC and convertible notes issued by CCBC with an aggregate principal amount of US$115,000,000 (equivalent to approximately HK$897,000,000). In April 2017, GMSC fully converted all of its convertible notes into CCBC's ordinary shares. After the conversion, GMSC held a total of 78,874,106 ordinary shares of CCBC, accounting for about 65.4% of the enlarged capital of CCBC; and

iii. as at 31 March 2016, the bank loan of a subsidiary of HK$120,236,000 was secured by interests in leasehold land and buildings with an aggregate carrying amount of HK$72,695,000.

Further details of pledged assets and loan guarantees are set out in note 26 to the financial statements.

FUTURE DEVELOPMENT

Going forward, the Group expects to build on its existing medical devices and healthcare services businesses by tapping onto business opportunities offered in the healthcare industry. Importantly, the Group plans to further develop its hospital management business by devoting more resources into network expansion and scale of operation. Introducing innovative business model in private hospitals as well as strengthening the hospital operation and management capabilities will be the key drivers to grow the Group's hospital management business and revenue in future.

At the same time, the Group will actively explore new healthcare-related merger and acquisition opportunities which synergise with the healthcare industrial chain. Moreover, by leveraging on its listing status, the Group will also look out for new domestic and international investment opportunities which will yield considerable returns to the Group and the Shareholders.

CORPORATE GOVERNANCE REPORT

The board (the "Board") of directors (the "Directors") of Golden Meditech Holdings Limited (the "Company" and together with its subsidiaries, collectively referred to as the "Group") is pleased to present this Corporate Governance Report for the year ended 31 March 2017.

Good corporate governance has always been recognised as vital to the Group's success and development. The Board is committed to achieving and maintaining high standards of corporate governance. The Board recognises that such commitment is essential in upholding accountability and transparency, enhancing the performance of the Company and safeguarding the interests of the shareholders.

This report addresses the status of the Company's compliance with the principles and provisions of the Corporate Governance Code (the "CG Code") as set out in Appendix 14 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Stock Exchange") (the "Listing Rules").

THE CG CODE

The CG Code sets out the principles of good corporate governance and two levels of corporate governance practices, namely:

(a) code provisions (the "Code Provisions") which listed issuers are expected to comply with or give considered reasons for any deviation therefrom; and

(b) recommended best practices (the "Recommended Best Practices") for guidance only, which listed issuers are encouraged to comply with or give considered reasons for deviation therefrom.

The Company has applied the principles as set out in the CG Code and complied with all the Code Provisions throughout the year ended 31 March 2017, except for Code Provision A.2.1 of the CG Code. It has also put in place certain Recommended Best Practices. The Board periodically reviews the corporate governance practices of the Company to ensure that they meet the requirements of the CG Code.

The Board

Responsibilities

The Board is responsible to the shareholders for providing effective leadership, and ensuring transparency and accountability of the Group's operations. It sets the Company's values and aims at enhancing shareholders' value. It formulates the Group's overall strategy and policies; sets corporate and management targets, key operational initiatives, and policies on risk management pursuant to the Group's strategic objectives. It also monitors the Group's operational and financial performance; approves budgets, major capital expenditures, major investments, as well as material acquisitions and disposals of assets; oversees corporate and financial restructuring, and significant operational, financial and management matters.

The Board is also responsible for presenting a balanced, clear and understandable assessment of the Company's performance, position and prospects in the annual and interim reports, providing inside information announcements and other financial disclosures as required under the Listing Rules, as well as supplying to regulators all information required to be disclosed pursuant to any statutory requirement.

The Board delegates the day-to-day management, administration and operation of the Group's business to the management of the relevant segments and divisions. The management is responsible for the implementation and adoption of the Company's strategies and policies. The delegated functions and tasks are periodically reviewed by the Board.

Board Composition

The composition of the Board reflects a balance of skills and experience desirable for effective leadership of the Company so that independent judgement of the Board can be assured.

The Board currently comprises two Executive Directors, two Non-Executive Directors and four Independent Non-Executive Directors. There are no relationships among members of the Board.

Executive Directors:

Mr. KAM Yuen *(Chairman)*
Mr. KONG Kam Yu

Non-Executive Directors:

Ms. ZHENG Ting
Mr. GAO Yue

Independent Non-Executive Directors:

Prof. CAO Gang	*(Chairman of audit committee ("Audit Committee"), member of remuneration committee ("Remuneration Committee") and nomination committee ("Nomination Committee") of the Company)*
Mr. FENG Wen	*(Chairman of Remuneration Committee and Nomination Committee and member of Audit Committee of the Company)*
Prof. GU Qiao	*(Member of Audit Committee, Remuneration Committee and Nomination Committee of the Company)*
Mr. Daniel FOA	

The list of Directors (by category) is disclosed in all corporate communications issued by the Company pursuant to the Listing Rules from time to time.

The Directors' biographical details are set out in the section "Biographical Details of Directors and Senior Management" of this annual report.

Throughout the year ended 31 March 2017, the Company met the requirement of the Listing Rules relating to the appointment of at least three Independent Non-Executive Directors with at least one in possession of appropriate professional qualifications or accounting or related financial management expertise.

The Company has received from each of the Independent Non-Executive Directors a written annual confirmation of their independence pursuant to Rule 3.13 of the Listing Rules. Although Prof. GU Qiao and Prof. CAO Gang have served as Independent Non-Executive Directors for more than nine years, the Directors are of the opinion that Prof. Gu and Prof. Cao continue to bring relevant experience and knowledge to the Board and that, notwithstanding their long service, they maintain an independent view of the Company's affairs. The Company considers that all Independent Non-Executive Directors are independent under the guidelines set out in Rule 3.13 of the Listing Rules.

The Independent Non-Executive Directors possess a wide range of financial and operational expertise and experience. Their participation in Board and committee meetings helps to ensure that the interests of all shareholders of the Company are taken into account and that key issues vital to the success of the Company are subjected to independent and objective consideration by the Board.

Corporate Governance Functions

The Board is responsible for performing the corporate governance duties including:

- to develop and review the Company's policies and practices on corporate governance;
- to review and monitor the training and continuous professional development of Directors and senior management;
- to review and monitor the Company's policies and practices on compliance with legal and regulatory requirements;
- to develop, review and monitor the code of conduct and compliance manual (if any) applicable to employees and Directors; and
- to review the Company's compliance with the Code Provisions set out in the CG Code and disclosure in the Corporate Governance Report.

During the year ended 31 March 2017, the Board has reviewed the Company's corporate governance practices.

The board diversity policy (the "Board Diversity Policy") sets out its approach to achieve and maintain diversity on the Board in order to enhance the effectiveness of the Board.

The Company recognises and embraces the benefits of having a diverse Board to enhance the quality of its performance and endeavours to ensure that the Board has the appropriate balance and level of skills, experience and perspectives required to support the execution of its business strategies. The Company seeks to achieve Board diversity through the consideration of a number of factors, including gender, age, cultural and educational background, ethnicity, professional experience, skills, knowledge and length of service. The ultimate decision will be based on merit and contribution that the selected candidates will bring to the Board.

The Board has set measurable objectives (including the aforesaid measurable objectives) to implement the Board Diversity Policy and the Nomination Committee is responsible for reviewing such objects from time to time to ensure their appropriateness and monitoring the progress made towards achieving those objectives. The Nomination Committee will review the Board Diversity Policy, as appropriate, to ensure the effectiveness of the Board Diversity Policy.

During the year under review, the Nomination Committee has considered the Board Diversity Policy and whether the Board has the appropriate balance of skills, experience and diversity of perspectives necessary to enhance the effectiveness of the Board and to maintain high standards of corporate governance. After due consideration, the Nomination Committee has concluded that the current composition of the Board is a balanced and diverse combination that suits the business development of the Company.

Appointment and Succession Planning of Directors

Pursuant to the CG Code, there should be a formal, considered and transparent procedure for the appointment of new directors and plans should be in place for orderly succession for appointments to the Board.

The Board regularly reviews its structure, size and composition to ensure that it has a balance of expertise, skills and experience appropriate to the requirements of the business of the Group.

In the process of selection of Directors, the proposed candidates' skills, experience, professional knowledge, personal integrity and time commitments are taken into account having regard to the Company's needs and the relevant statutory requirements and regulations.

Each Director shall, after his/her appointment and on a timely basis thereafter, disclose to the Board the number and nature of offices held by such Director in other listed companies and public organisations and any other significant commitments.

In accordance with the Company's articles of association ("Articles of Association"), all Directors are subject to retirement by rotation at least once for every three years and any new Director appointed by the Directors to fill a causal vacancy or as an addition to the Board shall be subject to re-election at the first annual general meeting after appointment.

In addition, any new Director appointed by the Company in general meeting to fill a casual vacancy or as an additional Director shall hold office until the next following annual general meeting of the Company and shall then be eligible for re-election at the meeting.

In accordance with Article 108 of the Articles of Association, Ms. ZHENG Ting, Mr. GAO Yue and Mr. Daniel FOA shall retire by rotation at the forthcoming annual general meeting to be held on 27 September 2017 (the "2017 AGM"), being eligible, offer themselves for re-election.

The Board recommends the re-appointment of the aforesaid Directors, whose biographical details are contained in the circular to be sent to the shareholders before the 2017 AGM.

Mr. KAM Yuen entered into a service contract with the Company commencing on 1 April 2005 as an Executive Director and continuing thereafter until terminated by either party giving to the other not less than 90 days' notice in writing.

Mr. KONG Kam Yu entered into a service contract with the Company commencing on 25 September 2012 as an Executive Director and will continue thereafter until terminated by either party giving to the other not less than 90 days' notice in writing.

Ms. ZHENG Ting, a Non-Executive Director, entered into a service contract with the Company for a term of three years commencing on 23 August 2015 provided that at any time during the term of appointment, either party may terminate the appointment by giving to the other not less than 30 days' notice in writing.

Mr. GAO Yue, a Non-Executive Director, entered into a service contract with the Company for a term of one year commencing on 14 November 2016 provided that at any time during the term of appointment, either party may terminate the appointment by giving to the other not less than 30 days' notice in writing.

Prof. CAO Gang, an Independent Non-Executive Director, entered into a service contract with the Company for a term of one year commencing on 24 September 2016 provided that at any time during the term of appointment, either party may terminate the appointment by giving to the other not less than 30 days' notice in writing.

Mr. FENG Wen, an Independent Non-Executive Director, entered into a service contract with the Company for a term of one year commencing on 25 September 2016 provided that at any time during the term of appointment, either party may terminate the appointment by giving to the other not less than 30 days' notice in writing.

Prof. GU Qiao, an Independent Non-Executive Director, entered into a service contract with the Company for a term of one year commencing on 25 September 2016 provided that at any time during the term of appointment, either party may terminate the appointment by giving to the other not less than 30 days' notice in writing.

Mr. Daniel FOA, an Independent Non-Executive Director, entered into a service contract with the Company for a term of one year commencing on 11 February 2017 provided that at any time during the term of appointment, either party may terminate the appointment by giving to the other not less than 30 days' notice in writing.

Directors' Training and Professional Development

Every Director keeps abreast of responsibilities as a Director of the Company and of the conduct business activities and development of the Company. Every newly appointed Director is provided with an induction on the first occasion of his/her appointment to ensure that he/she has adequate understanding of the businesses and operations of the Group. The Directors are also kept informed on a timely basis of their responsibilities and obligations under the Listing Rules, as well as other relevant statutory or regulatory requirements. The Company also encourages its Directors to participate in other continuous professional development programmes for directors. All Directors are committed to comply with Code Provision A.6.5 of the CG Code on Directors' training for the year ended 31 March 2017.

During the year, the Company has provided the regulatory updates for the Directors prepared by Minter Ellison to develop and refresh their knowledge and professional skills through reading materials.

The company secretary of the Company (the "Company Secretary") maintains records of training attended by the Directors. The Directors participated in continuous professional development by reading materials on the following topics to develop and refresh their knowledge and skills during the year ended 31 March 2017:

Directors	Corporate Regulation Newsletters	FAQ on Main Board Listing Rules
Executive Directors		
Mr. KAM Yuen *(Chairman)*	√	√
Mr. KONG Kam Yu	√	√
Mr. YU Kwok Kuen, Harry (resigned on 30 June 2016)	NIL	NIL
Non-Executive Directors		
Ms. ZHENG Ting	√	√
Mr. GAO Yue	√	√
Independent Non-Executive Directors		
Prof. CAO Gang	√	√
Mr. FENG Wen	√	√
Prof. GU Qiao	√	√
Mr. Daniel FOA	√	√

Directors' and Officers' Liabilities Insurance

The Company has arranged appropriate insurance cover for liabilities in respect of legal actions against Directors and officers of the Company and its subsidiaries arising out of corporate activities of the Group under Code Provision A.1.8 of the CG Code.

Chairman and Chief Executive

Under Code Provision A.2.1 of the CG Code, the roles of chairman and chief executive should be separate and should not be performed by the same individual.

Mr. KAM Yuen ("Mr. Kam") is the Chairman and Chief Executive of the Company responsible for managing the Board and the Group's businesses. The Board considers that this structure will not impair the balance of power and authority in view of the current composition of the Board, which comprises, inter alia, four Independent Non-Executive Directors who bring strong independent judgement, knowledge and experience to the Board's deliberations. The Board believes that this structure is conducive to strong and consistent leadership for the Group, enabling it to make and implement decisions promptly and efficiently.

Mr. Kam has been both the Chairman and Chief Executive of the Company since the listing of the Company's shares on the Growth Enterprise Market of the Stock Exchange ("GEM"). He has substantial experience in the healthcare industry. The Board and management are of the view that the assumption of these positions by Mr. Kam is beneficial to the business development of the Group.

Board Meetings

Regular Board meetings are held at least 4 times a year at approximately quarterly intervals. During the year ended 31 March 2017, 20 Board meetings were held.

Attendance of each Director at meetings of the Board, Audit Committee, Remuneration Committee, Nomination Committee and general meetings held during the year is set out below:

	Attendance/Number of Meetings					
Directors	**Board**	**Audit Committee**	**Remuneration Committee**	**Nomination Committee**	**Extraordinary General Meeting**	**Annual General Meeting**
Executive Directors:						
Mr. KAM Yuen *(Chairman)*	20/20	N/A	N/A	N/A	2/3	1/1
Mr. KONG Kam Yu	20/20	N/A	N/A	N/A	3/3	1/1
Mr. YU Kwok Kuen, Harry (resigned on 30 June 2016)	1/1	N/A	N/A	N/A	0/1	0/0
Non-Executive Directors:						
Ms. ZHENG Ting	20/20	N/A	N/A	N/A	3/3	1/1
Mr. GAO Yue	20/20	N/A	N/A	N/A	3/3	1/1
Independent Non-Executive Directors:						
Prof. CAO Gang	20/20	3/3	4/4	1/1	3/3	1/1
Mr. FENG Wen	20/20	3/3	4/4	1/1	3/3	1/1
Prof. GU Qiao	20/20	3/3	4/4	1/1	3/3	1/1
Mr. Daniel FOA	20/20	N/A	N/A	N/A	3/3	1/1

Conduct of Meetings

In order to ensure the Board works effectively and discharges its responsibilities, all members of the Board have full and timely access to the latest developments and financial position of the Group and are properly briefed on issues arising for discussion at Board meetings.

All Directors are notified of regular Board meetings at least 14 days in advance. For other Board and committee meetings, reasonable notice is generally given.

Directors are consulted and provided with an opportunity to include matters in the agenda for discussion at Board and committee meetings. Information packages, including meeting agenda, board papers and all appropriate information, are sent to all Directors at least 3 days before each Board or committee meeting to enable them to make informed decisions.

The Company Secretary has the responsibility to keep the Directors informed of any new corporate governance issues and changes in the regulatory regime and ensure Board procedures are in compliance with the CG Code, and other statutory requirements. All members of the Board have full access to the Company Secretary.

Minutes of Board and committee meetings are recorded in sufficient detail and draft minutes are circulated to all Directors and committee members, as the case may be, for comment before approval. Minutes of Board and committee meetings are kept by the Company Secretary and are open for inspection by Directors.

The Board is provided with sufficient resources to discharge its duties and if required, individual Director may retain external advisors, at the Company's expense, to provide advice on any specific matter.

According to the current Board practice, any transaction which involves a material conflict of interest in respect of a substantial shareholder or a Director will be considered and dealt with by the Board at a duly convened Board meeting instead of by circulation of written resolutions of all Board members. The Articles of Association also contain provisions requiring Directors to abstain from voting and not to be counted in the quorum at meetings for approving transactions in which such Directors or any of their associates have a material interest.

Audit Committee

The Company established the Audit Committee in December 2001 and has formulated its written terms of reference in compliance with Rules 5.28 and 5.29 of the Rules Governing the Listing of Securities on GEM ("GEM Listing Rules") while it was listed on GEM. The Board has reviewed the terms of reference of the Audit Committee after the transfer of listing of the Company's shares from GEM to Main Board (the "Transfer Date") and confirmed that the terms of reference are in compliance with paragraph C.3.3 of Code on Corporate Governance Practices as set out in Appendix 14 of the Listing Rules (effective until 31 March 2012) (the "Former CG Code"). In compliance with the CG Code, the Board has adopted new terms of reference for the Audit Committee which has been posted on the respective websites of the Company and the Stock Exchange.

The Audit Committee comprises three Independent Non-Executive Directors, namely, Prof. CAO Gang *(Chairman)*, Mr. FENG Wen and Prof. GU Qiao.

The Audit Committee's primary duties include the followings:

- to make recommendations to the Board on the appointment, re-appointment and removal of external auditors and to assess their independence and performance, and also to approve the remuneration and terms of engagement of the external auditors;

- to review the Company's financial statements and make sure that they are complete, accurate and fair before submission to the Board;

- to consider any significant or unusual items raised by the Company's staff responsible for the accounting and financial reporting function, compliance officer or external auditors;

- to ensure compliance with the applicable accounting standards and regulatory requirements on financial reporting and disclosure; and

- to ensure effectiveness of the financial reporting process, as well as internal control and risk management systems of the Group and to monitor the integrity thereof.

The Audit Committee held 3 meetings during the year. Through working closely with the management of the Company, the Audit Committee has reviewed the Company's annual and interim results, the accounting principles and practices adopted by the Group; discussed with the Board and management on internal controls, risk management and financial reporting matters, and reviewed the independence and performance of the external auditors. The Company's annual results for the year ended 31 March 2017 have been reviewed by the Audit Committee. During the year, the Audit Committee has also reviewed the risk management and internal control systems of the Company.

Executive Committee

The Company established an executive committee (the "Executive Committee") in April 2007 for the purpose of reviewing and approving certain operational matters of the Group in order to enhance the efficiency of the operation and decision-making process of the Board. Currently, the Executive Committee comprises the Chairman, Mr. KAM Yuen and Mr. KONG Kam Yu, an Executive Director. The primary functions of the Executive Committee include the establishment of bank accounts, the issue of shares upon the exercise of options granted or to be granted under the Company's share option schemes and the execution of repurchases of the Company's own shares. Meetings of the Executive Committee may be convened by any of its members and shall be held as its work demands.

Remuneration Committee

The Company established the Remuneration Committee in June 2005 with written terms of reference in compliance with paragraph B.1.3 of the principles and provisions of the Code on Corporate Governance Practices as set out in Appendix 15 of the GEM Listing Rules (effective until 31 March 2012). The Board has reviewed the terms of reference of the Remuneration Committee after the Transfer Date and confirmed that the terms of reference are in compliance with paragraph B.1.3 of the Former CG Code. In compliance with the CG Code, the Board has adopted new terms of reference for the Remuneration Committee which has been posted on the respective websites of the Company and the Stock Exchange.

The Remuneration Committee comprises three Independent Non-Executive Directors, namely, Mr. FENG Wen *(Chairman)*, Prof. CAO Gang and Prof. GU Qiao.

The principal responsibilities of the Remuneration Committee include the followings:

- to make recommendations to the Board on the Company's policy and structure for all remuneration of Directors and senior management of the Company;

- to determine the specific remuneration packages of all Executive Directors and senior management of the Company and to make recommendations to the Board on the remuneration of the Non-Executive Directors; and

- to establish a formal and transparent procedure for developing the remuneration policy and structure and to ensure that no Director participates in deciding his/her own remuneration.

The emoluments of Directors, including basic salary and performance bonus, are determined by reference to each Director's skills, knowledge and level of responsibilities, the Company's performance and profitability, remuneration benchmarks in the industry and the prevailing market conditions.

Meetings of the Remuneration Committee are held at least once a year and additional meetings may be held as required. During the year, the Remuneration Committee held 4 meetings and has assessed the performance of each of the Executive Directors and certain senior management staff of the Company and made decisions regarding the payment of discretionary bonus and reviewed the remuneration and compensation packages for certain Independent Non-Executive Directors.

During the year, the remuneration of the senior management (comprising Executive Directors) of the Company for the year ended 31 March 2017 by band is set out below:

Remuneration band (HK$)	Number of individuals
$1 to $1,000,000	3
$1,000,001 to $2,000,000	2
$2,000,001 to $6,000,000	–
$6,000,001 to $7,000,000	1
$7,000,001 to $17,000,000	–
$17,000,001 to $18,000,000	1
$18,000,001 to $19,000,000	1

Further details of the Directors' remuneration for the year ended 31 March 2017 are disclosed in note 8 to the financial statements contained in this annual report.

Nomination Committee

The Company established the Nomination Committee in March 2012 with written terms of reference for Nomination Committee in compliance with paragraph A.5.1 of the CG Code which has been posted on the respective websites of the Company and the Stock Exchange.

The Nomination Committee comprises three Independent Non-Executive Directors, namely, Mr. FENG Wen *(Chairman)*, Prof. CAO Gang and Prof. GU Qiao.

The principal responsibilities of the Nomination Committee include the followings:

- to review the structure, size and composition (including the skills, knowledge and experience) of the Board at least annually and make recommendations on any proposed changes to the Board to complement the Company's corporate strategy;

- to identify individuals suitably qualified to become Board members and select or make recommendations to the Board on the selection of individuals nominated for directorships;

- to assess the independence of Independent Non-Executive Directors;

- to make recommendations to the Board on the appointment or re-appointment of Directors and succession planning for Directors, in particular the Chairman and chief executive;

- to review the Board Diversity Policy, as appropriate, and review the measurable objectives that the Board has set for implementing the Board Diversity Policy, and the progress on achieving the objectives; and make disclosure of its review results in the Corporate Governance Report annually;

- to do any such things to enable the Nomination Committee to discharge its powers and functions conferred on it by the Board; and

- to conform to any requirement, direction, and regulation that may from time to time be prescribed by the Board or contained in the Articles of Association or imposed by legislation.

Meetings of the Nomination Committee are held at least once a year and additional meetings may be held as required. During the year, the Nomination Committee held 1 meeting and has made recommendations to the Board regarding the re-appointment of Directors and reviewed the Board Diversity Policy.

Risk Management and Internal Controls

The Board acknowledges that it is its duty to monitor the risk management and internal control systems of the Group on an ongoing basis and review their effectiveness. Such systems are designed to manage rather than eliminate the risk of failure to achieve business objectives, and can only provide reasonable and not absolute assurance against material misstatement or loss.

The Board has overall responsibility for overseeing the Group's risk management and internal controls systems and through the Audit Committee, conducts reviews on their effectiveness on an ongoing basis, covering all material controls, including financial, operational and compliance controls and risk management functions. During the process of annual review, the Board through the Audit Committee performs evaluation of the Group's accounting and financial reporting function to ensure that there is adequacy of resources, qualifications and experience of relevant staff, and their training programmes and budget.

The Board is committed to strengthening the Group's internal controls system and improving the workflow with a view to enhancing efficiency and minimising any significant business risks. Accordingly, the Group has established a series of internal control rules and procedures covering all key areas of operations such as asset management, working capital management, investment management, human resources management, etc. The Group also refines continually the internal organisation structure in pursuit of a more systematic decision-making process and an efficient and effective operation and control environment.

The Company has adopted risk management policy and procedures (the "Risk Management Policy") for assessing and, where prudent, improving the effectiveness of its risk management and internal control systems, including requiring the executive management of the Group to regularly assess and at least annually to personally certify that such matters are appropriate and functioning effectively in the belief that this will enhance the corporate governance of the Company and its business practices.

Group Risk Management

The Company has established the enterprise risk management framework. The Board is responsible for ensuring that the Company has an adequate and effective risk management system, while the management has the responsibility to operate and implement the Risk Management Policy to the Group. Through the risk assessment and control process, risks are identified, assessed, prioritised and assigned treatment methods. The Board and management allocate tasks and resources to achieve the recommended risk control processes as required. The Board receives regular reports through the Audit Committee that oversees risk management and internal audit functions.

Principal Risks

The principal risks and uncertainties are set out in the section headed "Business Review". Such discussion forms a part of Report of Directors.

Currently, the Group has not established an internal audit function. The Board has reviewed the need for setting up an internal audit function within the Group, and is of the opinion that in view of the scale and nature of the operations of the Group, it is more cost effective to appoint external independent professionals to carry out internal audit function for the Group. In this respect, the Board will continue to review the need for an internal audit function at least annually.

During the year, the Board appointed an independent professional consultancy firm — Baker Tilly Hong Kong Risk Assurance Limited ("Baker Tilly") to conduct a review of the effectiveness of the risk management and internal control systems of the Group which covered a number of key areas of financial, operational, compliance, and risk management functions, and the results of the review were submitted to the Audit Committee for consideration. The Audit Committee has reviewed the results of the review and is satisfied that the Group's systems of risk management and internal controls are sound and adequate.

Risk Governance

The Group's risk governance structure is based on a "Three Lines of Defence" model, with operational management and internal controls performed by the Board and the management, coupled with risk management monitoring carried out by the finance department and independent internal audit outsourced to and conducted by Baker Tilly.

The Group maintains a risk register to keep track of all identified major risks of the Group. The risk register provides the Board, the Audit Committee, and management with a profile of its major risks and records management's actions taken to mitigate the relevant risks. Each risk is evaluated at least annually based on its likelihood of occurrence and potential impact upon the Group. The risk register is updated by management as the risk owners with addition of new risks and/or removal of existing risks, if applicable, at least annually, after the annual risk evaluation has been performed. The results of these reviews are recorded in the risk registers for analysis of potential strategic implications and for regular reporting to the management and Directors of the Company.

The risk assessment and control systems will be evaluated by the Board and management at least annually or earlier if significant changes occur that introduce new risks or significantly alter the level of current risks. Management is committed to ensure that risk management forms part of the daily business operation processes in order to align risk management with corporate goals in an effective manner.

The Board will continue to review and improve the Group's risk management and internal control systems, taking into account the prevailing regulatory requirements, the Group's business development, interests of shareholders, and technological advances.

Inside Information

The Company has formulated internal procedures and controls for the handling and dissemination of inside information, and further improved the information disclosure system of the Company to ensure that the Company's information is disclosed to the public on a true, accurate, complete and timely basis. The Group discloses inside information to the public as soon as reasonably practicable unless the information falls within any of the safe harbours as provided in the Securities & Futures Ordinance (the "SFO"). The Group ensures the information is kept strictly confidential before the information is fully disclosed to the public. The Group is committed to ensure that information disclosed are not false or misleading as to a material fact, or false or misleading through the omission of a material fact in view of presenting information in a clear and balanced way, where the Company operates so as to comply with relevant requirements under the SFO and Listing Rules from time to time.

Directors' Securities Transactions

The Company has adopted the model code for securities transactions by directors of listed issuers as set out in Appendix 10 to the Listing Rules ("the Model Code") as its own code of conduct regarding Directors' securities transactions. Specific enquiries by the Company indicate that all Directors have complied with the required standard of dealings for the year ended 31 March 2017.

Company Secretary

The Company Secretary is a full time employee of the Company and has day-to-day knowledge of the Company's affairs. The Company Secretary reports to the Chairman and is responsible for advising the Board on governance matters. The Company Secretary has confirmed that he has taken no less than 15 hours of relevant professional training during the year ended 31 March 2017. The biography of the Company Secretary is set out on page 38 of this annual report.

Accountability and Audit

The Board is responsible for presenting a balanced, clear and understandable assessment of the Group's financial position and prospects. In preparing the financial statements for the year ended 31 March 2017, the Directors have selected suitable accounting policies and applied them consistently. The Directors have also made judgements and estimates that are prudent and reasonable and have prepared the financial statements on a going concern basis. There are no material uncertainties or events that may cast significant doubt on the Company's ability to continue as a going concern.

KPMG, the external auditors of the Company, acknowledge their responsibilities for the audit of the consolidated financial statements of the Company for the year ended 31 March 2017 in the Independent Auditor's Report included in this annual report.

For the year ended 31 March 2017, the fees payable to the external auditors for audit services were HK$13,543,000 and the fees paid for other services were HK$3,173,000.

Shareholders' Rights

Procedures for convening of an extraordinary general meeting ("EGM") and putting forward proposals at shareholders' meeting

Pursuant to Article 64 of the Articles of Association, shareholder(s) holding at the date of deposit of the requisition not less than one-tenth of the paid-up capital of the Company carrying the right of voting at general meetings of the Company (the "Requisitionist(s)") may, by written requisition (the "Requisition") to the Board or the Company Secretary, to require an EGM to be called by the Board for the transaction of any business specified in the Requisition. The Requisition shall be deposited at the head office of the Company in Hong Kong (48/F, Bank of China Tower, 1 Garden Road, Central, Hong Kong). The EGM shall be held within two months after the deposit of the Requisition. In the event that the Board fails to proceed to convene the EGM within 21 days of the deposit of the Requisition, the Requisitionist(s) may do so in the same manner, and all reasonable expenses incurred by the Requisitionist(s) as a result of the failure of the Board shall be reimbursed to the Requisitionist(s) by the Company.

Putting enquiries to the Board

Shareholders may, at any time, direct enquiries to the Board. Such enquiries can be addressed to the Company Secretary in writing by mail to the Company's principal place of business in Hong Kong at 48/F, Bank of China Tower, 1 Garden Road, Central, Hong Kong.

Investor Relations

The Company is committed to maintaining open dialogue with the investment community in order to increase understanding of the Company's strategy, operations and management. To enhance investor relations, the Company's senior management participates in regular one-on-one meetings, roadshows and investor conferences organised by various investment banks during the year. In addition, the Company also hosts regular investor briefings and tele-conferences, tailored for overseas investors, to keep them up to date with the Group's business developments.

The Company attaches great importance to communicating with its shareholders and investors. Information on the Group's activities, business strategies and developments is provided in the Company's annual and interim reports and corporate brochures. During the year, the Chairman of the Board, other members of the Board and external auditors attended the annual general meeting and answer questions raised by the shareholders on the performance of the Group. Shareholders are encouraged to attend the general meetings of the Company, which offer a valuable forum for dialogues and interactions between the Chairman, the senior management and the shareholders.

Separate resolutions were proposed at general meetings on each substantially separate issue. The Company arranges for the notice to shareholders to be sent in the case of annual general meetings at least 20 clear business days before the meeting and to be sent at least 10 clear business days in the case of all other general meetings.

In order to promote effective communications and to keep the investors abreast of developments, financial and other information relating to the Group and its business activities, announcements are posted regularly on the Company's website at www.goldenmeditech.com.

BIOGRAPHICAL DETAILS OF DIRECTORS AND SENIOR MANAGEMENT

DIRECTORS

Executive Directors

Mr. KAM Yuen (甘源), aged 55, is the Chairman, Chief Executive and Compliance Officer of the Company, and the founder of the Group. Mr. Kam is a director of several subsidiaries of the Company, he is also the chairman of China Cord Blood Corporation ("CCBC"), previously he was the non-executive director of Life Corporation Limited, formerly known as Cordlife Limited, a company listed on the Australian Securities Exchange. He is responsible for the Group's overall strategic planning. Mr. Kam graduated from the Beijing Second Foreign Languages Institute, the People's Republic of China (the "PRC") (北京第二外國語學院) in 1985 and has over 20 years of management experience in international business. Mr. Kam is the sole director of Bio Garden Inc., and a director of Magnum Opus 3 International Holdings Limited, both companies have an interest in the share capital of the Company as disclosed under the provisions of Part XV of the Securities and Futures Ordinance.

Mr. KONG Kam Yu (江金裕), aged 48, has been an Executive Director of the Company since September 2012. He is also the Qualified Accountant and Company Secretary of the Company and a director of several subsidiaries of the Company. Mr. Kong is also a non-executive chairman of Life Corporation Limited. He joined the Group in 2001, and is responsible for the Group's finances, corporate projects and company secretarial matters. Mr. Kong is a member of The Hong Kong Institute of Certified Public Accountants and The Institute of Chartered Accountants in England and Wales. Prior to joining the Group, Mr. Kong worked with a leading international accounting firm.

Non-Executive Directors

Ms. ZHENG Ting (鄭汀), aged 45, is a Non-Executive Director of the Company and a director of several subsidiaries of the Company. She is an advisor on healthcare services segment of the Group. Ms. Zheng is also the chief executive officer of CCBC and is responsible for the strategic management of that segment. Ms. Zheng joined the Group in September 2001. Ms. Zheng graduated from Renmin University of China (中國人民大學) in 1996 where she subsequently received an EMBA degree.

Mr. GAO Yue (高悅), aged 44, is a Non-Executive Director of the Company. Mr. Gao graduated from the Law School of Renmin University of China (中國人民大學) in 1996 and was admitted to the Chinese bar in 1998. Thereafter, Mr. Gao worked as an attorney-at-law and a partner in Beijing Xinli Law Firm and Beijing Fu Sheng Law Firm respectively. From August 2004 to April 2012, he practised law as a partner in King & Wood PRC Lawyers. Mr. Gao joined the Group in November 2014. Prior to joining the Group, Mr. Gao worked as a partner of Commerce and Finance Law Offices.

Independent Non-Executive Directors

Prof. CAO Gang (曹岡), aged 73, is an Independent Non-Executive Director, the chairman of the Audit Committee and a member of the Remuneration Committee and the Nomination Committee. He joined the Group in September 2004. Prof. Cao is a professor of Accountancy. He qualified as one of the first group of registered accountants in the PRC in 1983 and is currently a senior member of the Association of the Registered Accountants of the PRC.

Mr. FENG Wen (馮文), aged 49, is an Independent Non-Executive Director, the chairman of the Remuneration Committee and the Nomination Committee and a member of the Audit Committee. He joined the Group in September 2012. Mr. Feng graduated from the Medical Department of the Third Military Medical University in 1992 and obtained a master's degree from the School of Public Administration, Renmin University of China (中國人民大學) in 2006. Mr. Feng is currently the chairman of the board of Zhong He Hou De Investment Management Co., Ltd* (中和厚德投資管理有限公司), a chief executive officer of National Investments Fund Limited, a company listed on the Stock Exchange, and an independent director of Beijing Boer Communication Technology Co., Ltd. (北京玻爾通信技術股份有限公司) and Beijing ConST Instruments Technology Inc.* (北京康斯特儀表科技股份有限公司), previously the secretary to the board of directors of China Investment Development Co., Ltd. (中投發展有限責任公司). Mr. Feng had worked for the General Office of the Ministry of Health of the PRC and a number of military hospitals for over 20 years.

Prof. GU Qiao (顧樵), aged 70, is an Independent Non-Executive Director, a member of the Audit Committee, the Remuneration Committee and the Nomination Committee. He joined the Group in September 2001. Prof. Gu is a scientist in quantum-optics, biophysics and biological photonics and an Associate Professor of the Northwest University, the PRC (中國西北大學). Prof. Gu is also a member of the International Institute of Biophysics, Germany. Prof. Gu received his doctoral degree from the Northwest University, the PRC (中國西北大學), in 1989.

Mr. Daniel FOA, aged 40, is an Independent Non-Executive Director. He joined the Group in February 2015. Mr. Foa graduated in Economics from University of Portsmouth in 1997. Mr. Foa is the co-founder of Fairklima Capital and has over 20 years of experience in the China market with expertise in the fields of technology, sustainability and business consulting. Before founding Fairklima Capital, Mr. Foa held managerial positions in major multinational firms. He is also the co-founder of 51Give, an online donations platform.

SENIOR MANAGEMENT

Mr. HUANG Fan (黃帆), aged 43, is chief executive officer of the medical devices operation. He joined the Group in 2004 and has been responsible for the research and development, production, sales and management of the business. Mr. Huang has been engaged in the securities industry for many years and has extensive experience in business management. Prior to joining the Group, he has participated in the preliminary preparatory works of state-owned comprehensive securities company. Mr. Huang graduated from the Beijing Institute of Technology (北京理工大學管理學院), majoring in management.

* The English name is for identification purpose only.

BIOGRAPHICAL DETAILS OF DIRECTORS AND SENIOR MANAGEMENT

Mr. GAO Guang Pu (高光譜), aged 54, Deputy General Manager of the medical devices operation. He joined the Group in October 1997, and is responsible for the production, operations and overall management of the medical devices operation. Mr. Gao is also responsible for various aspects of the production technology, including product standards, production procedures and technological improvements of the medical devices operation. Mr. Gao graduated from the English Language Department of Beijing Second Foreign Language Institute (北京第二外國語學院).

Mr. CHEN Bing Chuen, Albert (陳炳泉), aged 41, serves as the chief financial officer and the executive director of CCBC. He is in charge of CCBC's finance-related matters, including accounting and budget planning. He joined the Group in 2005. Mr. Chen is also involved in CCBC's corporate structuring and development, including mergers and acquisitions, and investment in foreign healthcare companies. Prior to joining the Group, Mr. Chen worked in a number of financial institutions, including SalomonSmithBarney, DBS Vickers Securities and UOB Kay Hian in Hong Kong. During his employment as an analyst in UOB Kay Hian from 2003 to March 2005, he was a senior analyst specialising in the pharmaceutical and healthcare industries and was ranked as one of the best analysts for small cap companies in the region in a poll conducted by Asia Money among brokers in 2003. Mr. Chen is a holder of Chartered Financial Analyst. He received his bachelor's degree in commerce from Queen's University, Canada, School of Business in 1999 with a major in finance and accounting.

Mr. SHAO Bao Ping (邵寶平), aged 51, chief executive officer of the Chinese herbal medicines operation, is in charge of the Chinese herbal medicines operation's daily operations. He joined the Group in August 2005. Mr. Shao obtained his master's degree from the Shanghai Institute of Materia Medica, Chinese Academy of Sciences (中國科學院上海藥物研究所) and has extensive work experience in the fields of pharmacology and herbal medicine. Mr. Shao has held key position in well-known enterprises in the PRC and has extensive corporate management experience.

Mr. DING Wei Zhong (丁偉中), aged 68, is the chief executive officer of GM-Medicare Management (China) Company Limited. He joined the Group in April 2010, and has specialised in the medical and medical insurance management industry since 1998. Prior to relocating to the United States, Mr. Ding has held senior positions at the Aviation Industry Office of the Shanghai Municipal Government and China Airlines Group, in addition to serving as the chief operating officer of the United Nations Institute for Training and Research (UNITAR) – CIFAL Network. Mr. Ding has a Bachelor's degree from Zhengzhou Institute of Aeronautical College (鄭州航空學院) and a Bachelor's degree in Economics from Fudan University, Shanghai (上海復旦大學).

Mr. JING Jian Zhong (經建中), aged 63, is the Vice President of the Group, the chief executive officer of Golden Meditech (Shanghai) Company Limited and the Chief Representative of the Group's Office in Shanghai and is responsible for the overall operation of the Group. He joined the Group in May 2008. He graduated from the Shanghai University of Chinese Medicines and has 15 years of investment and business development experiences in healthcare industry in addition to 20 years of clinical practices and teaching.

REPORT OF THE DIRECTORS

The directors (the "Directors") of Golden Meditech Holdings Limited (the "Company" and together with its subsidiaries, collectively referred to as the "Group") submitted herewith the Directors' report together with the audited financial statements of the Group for the year ended 31 March 2017.

PRINCIPAL PLACE OF BUSINESS

The Company was incorporated and domiciled in the Cayman Islands and has its principal place of business at No.11 Wan Yuan Street, Beijing Economic Technological Development Area, Beijing, 100176 China.

PRINCIPAL ACTIVITIES

The principal activity of the Company is investment holding. The principal activities and other particulars of the subsidiaries are set out in note 15 to the financial statements.

An analysis of the Group's revenue, (loss)/profit, assets and liabilities by operating segments is set out in note 4 to the financial statements.

MAJOR CUSTOMERS AND SUPPLIERS

The information in respect of the Group's sales and purchases during the financial year attributable to the major customers and suppliers, respectively, is as follows:

	Percentage of the Group's total	
	Sales	**Purchases**
The largest customer	3%	
Five largest customers in aggregate	5%	
The largest supplier		3%
Five largest suppliers in aggregate		8%

At no time during the year have the Directors, their close associates or any shareholders of the Company (which to the knowledge of the Directors own more than 5% of the Company's issued share capital) had any interest in these major customers and suppliers.

FINANCIAL STATEMENTS

The results and cash flow of the Group for the year ended 31 March 2017 and the state of the Group's financial position as at that date are set out in the financial statements on pages 90 to 98 of this annual report.

BUSINESS REVIEW

(a) Business Performance and Future Developments

The Group's business performance, analysis of major financial performance indicators and discussion on future developments are set out in the section headed "Management Discussion and Analysis". Such discussion forms a part of the Report of the Directors.

(b) Principal Risks and Uncertainties

The Group has identified the principal risks and uncertainties in the industries in which the Group operates. These risks and uncertainties may affect the performance and operations of the Group. The key risks include but not limited to:

1. Healthcare reforms

China's healthcare system is undergoing a critical reform period, whereby laws, regulations and policies governing the medical device and healthcare service industries are constantly changing. Likewise, the regulatory authorities in China may adjust their enforcement practices from time to time. Consequently, actions which have been executed in the past may not be indicative of future actions. These changes may have material adverse effect on the Group, in terms of incurring significant costs, and diverting the resources and attention of the management. Furthermore, such changes may also be applicable with retrospective effect, thus increasing the uncertainties and risks faced by the Group's businesses and operations.

2. Regulatory changes in the cord blood storage industry

The cord blood storage business and financial results may be adversely affected as a result of the regulatory changes in the cord blood banking industry for the following reasons:

(i) The National Health and Family Planning Commission (the "NHFPC") of the People's Republic of China (the "PRC") has been following a "one license per region" policy in its regulation of cord blood banks, which precludes more than one cord blood banking licensee from operating in the same region. This policy may be changed at any time. If new licenses are issued in Beijing, Guangdong, Zhejiang or any region where the Group is operating the licensed cord blood banks, or permit or acquiesce in operation of subscription service by other type of institutions, the Group's market position as the sole cord blood banking operator in the relevant region may be undermined.

BUSINESS REVIEW (continued)

(b) Principal Risks and Uncertainties (continued)

2. Regulatory changes in the cord blood banking industry (continued)

(ii) There is a possibility that the NHFPC or the relevant local authority will take the position that the provision of fee-based commercial cord blood banking services is not limited to operators of licensed cord blood banks. As a result, other companies in healthcare or other related industries may begin to provide such services, in which case the Group will face direct competition from these companies.

(iii) The one-child policy in China has been established for over 30 years. Effective from January 2016, the PRC implemented new law of two-child policy. With only one child in each family, it is difficult to obtain matching stem cells if such child needs a transplant. In families with more than one child, the possibility of acquiring matching stem cells from a sibling is increased, and such families may decide not to choose the Group's subscription services. Even though the one-child policy in China is abolished, the Group cannot assure the demand for its subscription services will maintain at current levels and thus, the Group's business and financial results may be materially adversely affected.

3. Regional economies

The cord blood storage business operated by the Group is affected by regional economic factors. Currently, the Group only operates cord blood storage business in Beijing, Guangdong and Zhejiang regions, as a result, the geographical regions of its business are relatively concentrated. Therefore, the number of new subscribers and revenue will be affected by factors such as the local economic conditions, birthrate and disposable income level.

4. Seasonal factor

The cord blood storage business is also affected by the seasonal factor. In a year which is considered to be particularly auspicious under the Chinese horoscope by the Chinese people, the number of new born babies may be much higher than other years. Hence, the Group expects the operating results of the cord blood storage business will fluctuate during those years and periods due to the seasonal factor.

BUSINESS REVIEW (continued)

(b) Principal Risks and Uncertainties (continued)

5. *Preferential tax treatment*

The subsidiaries of the Group, namely Beijing Jingjing Medical Equipment Co., Ltd. (北京京精醫療設備有限公司) ("Jingjing") and Beijing Jiachenhong Biological Technologies Co., Ltd. (北京佳宸弘生物技術有限公司) ("Jiachenhong") are High and New Technology Enterprises ("HNTE") enjoying a preferential tax rate of 15% which is lower than the standard tax rate of 25%. Their preferential tax treatments attributable to their HNTE qualification expired in the calendar years 2016. Management believes that both Jingjing and Jiachenhong meet all the criteria for the renewal of HNTE status. The profits of the Group may be affected if they are unable to renew their qualification as HNTE after their expiration. At present, the Group actively coordinates various departments to apply for the renewal of HNTE qualification. The management is confident that the Group will continue to enjoy the relevant preferential tax treatment. The subsidiaries of the Group, namely Zhejiang Lukou Biotechnology Co., Ltd. (浙江綠蔻生物技術有限公司) and Guangzhou Municipality Tianhe Nuoya Bio-engineering Co., Ltd. (廣州市天河諾亞生物工程有限公司) are also HNTE enjoying a preferential tax rate of 15%. Their preferential tax treatments attributable to their HNTE qualification will be expiring in the calendar years 2017 and 2018, respectively.

6. *Market competition*

Competition in the medical device industry in which the Group operates has been intensifying. If competition further intensifies, prices will fall as a result, and the market share and gross profit margin of the Group's medical device business will be affected. The Group monitors and analyses the competition situation and market information to estimate adverse changes in advance and adopts corresponding measures. The Group takes appropriate measures to enhance its branding and maintains steady development of the business. In addition, the Group continues to improve product quality and increase product competitiveness by reducing production costs.

7. *Non-recurring medical incident*

Circumstances such as unexpected large-scale contagious disease outbreak and major medical incident arousing social concern in the medical service sector are beyond the Group's control, but may also bring about risks and uncertainties. For example, if an incident similar to the "severe acute respiratory syndrome incident" (SARS) in 2003 has reoccurred, not only the daily operation of the Group's healthcare services related business but also the Group's financial results will be seriously affected. The Group's clinical application of hematopoietic stem cells has already passed the clinical test verification, and has obtained the approval from the NHFPC many years ago. The "Wei Zexi incident" that happened in May 2016 and became a social hot topic did not have material effect on the Group. Furthermore, the Group expects any potential regulatory changes relating to biotherapy arising from this incident will not have any material impact on the Group's business.

BUSINESS REVIEW (continued)

(c) Key relationship with employees, customers and suppliers

The Group is aware of the value and importance of its employees and has adopted various measures to maintain good relationship with its employees. Such measures include but not limited to enhancing, reviewing and renewing the policies on remuneration, welfare, training, occupational health and safety, to ensure that all employees receive reasonable remuneration.

The Group maintains good relationship with its customers and strives to improve the communication mechanism with its customers. This is to ensure that the Group is well aware of all customers' complaints or feedbacks on a timely basis and provide high quality services to its customers.

The Group establishes long-term cooperation relationships with reputable suppliers within the industries. The Group implements a series of procurement management systems and control procedures, so as to select suppliers in a prudent manner.

(d) Environmental protection policy and performance

The Group recognises the importance of environmental protection to the sustainable and stable development of an enterprise, and strives to maintain the best balance between cost control and environmental protection. The Group promotes clean production, discharges pharmaceutical waste appropriately and reduces the risk of environmental incidents. The Group endeavors to become an energy-saving and environmental friendly enterprise. To the best of Directors' knowledge, information and belief, the Group has complied with all relevant PRC laws and regulations relating to environmental protection in all material respects for the year ended 31 March 2017.

The environmental, social and governance report regarding the environmental protection policy and performance in respect of the year ended 31 March 2017 is set out in the section "Environmental, Social and Governance Report".

(e) Compliance with laws and regulations

To the best of Directors' knowledge, information and belief, the Group has complied with the relevant laws and regulations which have major impact on the operations of the Group.

RESERVES AND DIVIDENDS

Loss attributable to equity shareholders of the Company of HK$147,121,000 (2016: loss of HK$686,512,000) has been transferred to reserves. Other movements in reserves of the Group during the year are set out in the consolidated statement of changes in equity on pages 95 to 96 of this annual report.

As at 31 March 2017, the Company's reserves available for distribution amounted to HK$3,688,703,000 (2016: HK$3,869,893,000).

Details of dividends paid during the year are set out in note 31(d) to the financial statements.

FINAL DIVIDENDS

The board of Directors (the "Board") did not recommend the payment of a final dividend in respect of the year ended 31 March 2017 (2016: HK$nil per ordinary share of HK$0.20 each in the share capital of the Company (the "Share")). The Board will take into account the Group's future capital needs when considering possible dividend payment in the future.

CHARITABLE DONATIONS

Charitable donations made by the Group during the year amounted to HK$nil (2016: HK$100,000).

PROPERTY, PLANT AND EQUIPMENT

Details of the movements in property, plant and equipment during the year are set out in note 12 to the financial statements.

SHARE CAPITAL

Details of the movements in the share capital of the Company during the year are set out in note 31(b) to the financial statements.

VOLUNTARY CASH OFFERS

On 13 January 2017, the voluntary conditional cash offer has been made by China Minsheng Banking Corp., Ltd. ("China Minsheng") for and on behalf of Magnum Opus 3 International Holdings Limited ("Magnum 3") to acquire all of the issued shares, all outstanding convertible notes and to cancel all outstanding share options of the Company (other than those already owned or agreed to be acquired by Magnum 3 and its concert parties) (the "Voluntary Cash Offers").

On 15 March 2017, the condition as to acceptance in respect of the offers has been satisfied and the offers have become unconditional in all respects.

The Voluntary Cash Offers closed on 10 April 2017, and Magnum 3 had received valid acceptances in respect of (i) 968,774,034 Shares; and (ii) 12,239,669 share options. Magnum 3 had not received any valid acceptance in respect of the convertible notes. As a result, Magnum 3 and parties acting in concert with it were interested in an aggregate of 2,087,043,560 Shares, representing approximately 70.36% of the issued share capital of the Company.

For details, please refer to the joint announcements dated 13 January 2017, 3 February 2017, 24 February 2017, 15 March 2017 and 10 April 2017 and the composite document dated 10 March 2017 issued by the Company and Magnum 3.

CONVERTIBLE NOTES ISSUED BY THE COMPANY

On 22 October 2014, the Company entered into a convertible note subscription agreement with Gem Power International Limited ("Gem Power") for the issuance of redeemable convertible notes due 2017 in the aggregate principal amount of US$20,000,000 (equivalent to approximately HK$156,000,000). In November 2014, the Company received net proceeds of HK$155,220,000, net of handling fee of HK$780,000. Gem Power has the rights to convert the convertible notes into Shares at initial conversion price of HK$1.40 per Share.

On 15 July 2015 and 26 October 2015, following the completion of placing of Shares and open offer, the conversion price was adjusted to HK$1.372 per Share and HK$1.33 per Share respectively.

On 27 October 2016, the Company, Gem Power and the guarantors entered into the deed of variation, pursuant to which the Company and Gem Power agreed to vary certain terms and conditions of the original subscription agreement and the convertible notes, including the reduction of the conversion price to HK$1.10 per Share. As a result of the variation, 140,909,091 Shares will be issued upon the full conversion of the convertible notes.

During the year, no convertible notes had been converted. As at 31 March 2017, the convertible notes in the principal amount of US$20,000,000 (equivalent to approximately HK$156,000,000) remained outstanding.

Details of the said agreement and deed of variation are set out in the section headed "Other transactions" and note 29(a) to the financial statements.

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES

During the year ended 31 March 2017, neither the Company nor any of its subsidiaries purchased, redeemed or sold any of the Company's listed securities.

PRE-EMPTIVE RIGHTS

There is no provision for pre-emptive rights under Articles of Association or the laws of the Cayman Islands which would oblige the Company to offer shares on a pro-rata basis to the existing shareholders.

DIRECTORS

The Directors during the financial year and up to the date of this report were:

Executive Directors

Mr. KAM Yuen *(Chairman)*
Mr. KONG Kam Yu
Mr. YU Kwok Kuen, Harry (resigned on 30 June 2016)

Non-Executive Directors

Ms. ZHENG Ting
Mr. GAO Yue

Independent Non-Executive Directors

Prof. CAO Gang
Mr. FENG Wen
Prof. GU Qiao
Mr. Daniel FOA

In accordance with Article 108 of the Articles of Association, Ms. ZHENG Ting, Mr. GAO Yue and Mr. Daniel FOA shall retire by rotation at the forthcoming annual general meeting to be held on 27 September 2017 (the "2017 AGM"), and being eligible, offer themselves for re-election.

The biographical details of the current Directors and senior management are set out on pages 38 to 40 of this annual report. Details of the emoluments of the Directors and the five highest paid individuals are set out in notes 8 and 9 to the financial statements, respectively.

DIRECTORS' SERVICE CONTRACTS

Executive Directors

Mr. KAM Yuen entered into a service contract with the Company commencing on 1 April 2005 as an Executive Director and continuing thereafter until terminated by either party giving to the other not less than 90 days' notice in writing.

Mr. KONG Kam Yu entered into a service contract with the Company commencing on 25 September 2012 as an Executive Director and will continue thereafter until terminated by either party giving to the other not less than 90 days' notice in writing.

Non-Executive Directors

Ms. ZHENG Ting entered into a service contract as a Non-Executive Director with the Company for a term of three years commencing on 23 August 2015 provided that at any time during the term of appointment, either party may terminate the appointment by giving to the other not less than 30 days' notice in writing.

Mr. GAO Yue entered into a service contract as a Non-Executive Director with the Company for a term of one year commencing on 14 November 2016 provided that at any time during the term of appointment, either party may terminate the appointment by giving to the other not less than 30 days' notice in writing.

Independent Non-Executive Directors

Prof. CAO Gang, an Independent Non-Executive Director, entered into a service contract with the Company for a term of one year commencing on 24 September 2016 provided that at any time during the term of appointment, either party may terminate the appointment by giving to the other not less than 30 days' notice in writing.

Mr. FENG Wen, an Independent Non-Executive Director, entered into a service contract with the Company for a term of one year commencing on 25 September 2016 provided that at any time during the term of appointment, either party may terminate the appointment by giving to the other not less than 30 days' notice in writing.

Prof. GU Qiao, an Independent Non-Executive Director, entered into a service contract with the Company for a term of one year commencing on 25 September 2016 provided that at any time during the term of appointment, either party may terminate the appointment by giving to the other not less than 30 days' notice in writing.

Mr. Daniel FOA, an Independent Non-executive Director, entered into a service contract with the Company for a term of one year commencing on 11 February 2017 provided that at any time during the term of appointment, either party may terminate the appointment by giving to the other not less than 30 days' notice in writing.

None of the Directors being proposed for re-election at the 2017 AGM has a service contract with the Company or any of its subsidiaries which is not determinable by the Group within one year without payment of compensation, other than statutory compensation.

DIRECTORS' AND CHIEF EXECUTIVES' INTERESTS AND SHORT POSITIONS IN THE SHARES AND UNDERLYING SHARES OF THE COMPANY AND ITS ASSOCIATED CORPORATION

As at 31 March 2017, the interests and short positions of the Directors and chief executives of the Company in the shares and, in respect of equity derivatives, underlying shares in, and debentures of, the Company or any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance ("SFO")) which were notified to the Company and The Stock Exchange of Hong Kong Limited (the "Stock Exchange") pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they are taken or deemed to have under such provisions of the SFO), or which were required, pursuant to section 352 of the SFO, to be entered in the register referred to therein, or, which were required, pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") of the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules") to be notified to the Company and the Stock Exchange were as follows:

(a) The Company

		Long positions			
Name of Directors	**Capacity and nature of interests**	**Number of Shares**	**Number of underlying Shares held under equity derivatives**	**Total interests**	**Approximate percentage of the Company's issued share capital**
Mr. KAM Yuen ("Mr. Kam")	Founder of trusts	1,118,269,526[(1)]	—	1,118,269,526	37.70%
	Beneficial owner	—	2,197,530[(3)]	2,197,530	0.07%
	Interest of controlled corporation	479,646,998[(2)]	—	479,646,998	16.17%
Mr. KONG Kam Yu	Beneficial owner	240	—	240	0.0000081%

Notes:

(1) Mr. Kam was deemed under the SFO to have an interest in 1,118,269,526 Shares which Bio Garden Inc. ("Bio Garden") was interested in as at 31 March 2017 (the "Bio Garden Shares") by virtue of him being the founder of certain discretionary trusts which owned the entire issued share capital of Bio Garden.

(2) Mr. Kam was deemed under the SFO to have an interest in 479,646,998 Shares which Magnum 3 was interested in as at 31 March 2017 by virtue of him owning 100% voting ordinary shares of Magnum 3.

(3) This interest represents Mr. Kam's beneficial interest in the underlying Shares in respect of share options granted by the Company to the Directors as beneficial owners, details of which are set out in the section headed "Share option schemes" below.

DIRECTORS' AND CHIEF EXECUTIVES' INTERESTS AND SHORT POSITIONS IN THE SHARES AND UNDERLYING SHARES OF THE COMPANY AND ITS ASSOCIATED CORPORATION (continued)

(b) CCBC

		Number of ordinary shares of US$0.0001 each		
Name of Directors	**Capacity and nature of interests**	**Number of shares**	**Total interests**	**Approximate percentage of the issued and outstanding share capital of CCBC**
Mr. KONG Kam Yu	Beneficial owner	282,193	282,193	0.35%
Ms. ZHENG Ting	Beneficial owner	1,071,994	1,071,994	1.34%

Save as disclosed above, as at 31 March 2017, none of the Directors or the chief executives of the Company or their respective associates had any interests or short positions in the shares or, in respect of equity derivatives, underlying shares in, or debentures of, the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which would have to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they are taken or deemed to have under such provisions of the SFO) or which were required, pursuant to section 352 of the SFO, to be entered in the register referred to therein, or, were required, pursuant to the Model Code, to be notified to the Company and the Stock Exchange.

SHARE OPTION SCHEMES

Share option schemes of the Company

The principal terms of the share option schemes of the Company are summarised in note 34(a) to the financial statements. The share option schemes have been terminated and no further share options will be granted under the schemes. In respect of the share options previously granted and which remained exercisable on or before the dates of termination, they shall continue to be exercisable subject to the terms of the share option schemes.

A summary of share options granted under the share option schemes of the Company is as follows:

Name of Directors and employees	Date of grant	Number of underlying Shares in respect of which share options were outstanding as at 1 April 2016	Number of underlying Shares in respect of which share options were cancelled under the Voluntary Cash Offers during the year ended 31 March 2017[2]	Numbers of underlying Shares in respect of which share options were exercised during the year ended 31 March 2017	Number of underlying Shares in respect of which share options were outstanding as at 31 March 2017	Adjusted exercise price HK$	Offer price for cancellation under the Voluntary Cash Offers[2] (per share option) HK$
Mr. Kam	27 April 2009[1]	2,197,530	—	—	2,197,530[2]	1.989	0.001
Mr. KONG Kam Yu	27 April 2009[1]	3,874,592	3,874,592	—	—	1.989	0.001
Ms. ZHENG Ting	27 April 2009[1]	3,238,464	3,238,464	—	—	1.989	0.001
Full-time employees (other than Directors)	27 April 2009[1]	16,905,372	5,126,613	—	11,778,759[2]	1.989	0.001
		26,215,958	12,239,669	—	13,976,289		

The options granted to the Directors are registered under the names of the Directors who are also the beneficial owners.

SHARE OPTION SCHEMES (continued)

Share option schemes of the Company (continued)

Notes:

(1) The share options are exercisable as to the followings:

(i) up to 30% immediately after the date of grant;

(ii) up to 60% immediately after 6 months from the date of grant;

(iii) up to 100% immediately after 12 months from the date of grant; and

(iv) the share options will expire at the close of business on 26 April 2019.

(2) Pursuant to the Voluntary Cash Offers, since the exercise price of HK$1.989 of the outstanding share options is above the share offer price of HK$1.25 per Share, the outstanding share options are out of the money and the offer price for the cancellation of each share option is set at a nominal value of HK$0.001. Pursuant to the terms of the share option scheme, since the Voluntary Cash Offers are made to all the shareholders of the Company (other than Magnum 3 and/or any person controlled by Magnum 3 and/or any person acting in association or concert with Magnum 3), and such offer has been declared unconditional during the option period of the relevant share options on 15 March 2017, the Independent Optionholders (as defined in composite document of the Company dated 10 March 2017) shall be entitled to exercise the share options to the fullest extent at any time thereafter and up to the close of such offer. All unexercised share options lapsed at the close of such offer on 10 April 2017.

(3) Save as disclosed above, no share options granted under the share option schemes of the Company were exercised, cancelled or lapsed during the year ended 31 March 2017.

DIRECTORS' RIGHTS TO ACQUIRE SHARES OR DEBENTURES

Apart from the share option schemes described above, at no time during the year was the Company or any of its subsidiaries, a party to any arrangements to enable the Directors or chief executives of the Company or any of their spouses or children under eighteen years of age to acquire benefits by means of the acquisition of shares in, or in respect of equity derivatives, underlying shares in, or debentures of, the Company or any other body corporate and no Directors or chief executives or their respective spouses or their children under eighteen years of age had been granted any right to subscribe for equity or debt securities of the Company, nor had exercised any such right during the year.

SUBSTANTIAL SHAREHOLDERS' INTERESTS AND SHORT POSITIONS IN THE SHARES AND UNDERLYING SHARES OF THE COMPANY

As at 31 March 2017, the interests and short positions of the shareholders (not being Directors or chief executives of the Company) in the Shares and underlying Shares which were notified to the Company and the Stock Exchange pursuant to Divisions 2 and 3 of Part XV of the SFO and required to be entered in the register maintained by the Company pursuant to section 336 of the SFO were as follows:

(a) Long positions of substantial shareholders

Name	Capacity and nature of interests	Number of issued Shares/ underlying Shares	Approximate percentage of the Company's issued share capital
Bio Garden[(1)]	Beneficial owner	1,118,269,526[(4)]	37.70%
Magic Master Holdings Limited ("Magic Master")[(2)]	Interest of controlled corporation	1,118,269,526[(4)]	37.70%
Magic Glory Holdings Limited ("Magic Glory")[(2)]	Interest of controlled corporation	1,118,269,526[(4)]	37.70%
Credit Suisse Trust Limited[(2)]	Trustee	1,118,269,526[(4)]	37.70%
Fiducia Suisse SA (Formerly known as "KF Suisse SA")[(3)]	Trustee	1,118,269,526[(4)]	37.70%
Mr. David Henry Christopher Hill[(3)]	Interest of controlled corporation	1,118,269,526[(4)]	37.70%
Mrs. Rebecca Ann Hill[(3)]	Interest of children under 18 or spouse	1,118,269,526[(4)]	37.70%
Magnum 3[(5)]	Beneficial owner	479,646,998	16.17%

SUBSTANTIAL SHAREHOLDERS' INTERESTS AND SHORT POSITIONS IN THE SHARES AND UNDERLYING SHARES OF THE COMPANY (continued)

(b) Long positions of other persons who are required to disclose their interests

Name of other persons who held more than 5% interest	Capacity and nature of interests	Number of issued Shares/ underlying Shares	Approximate percentage of the Company's issued share capital
Ms. Liu Yang[(6)]	Interest of controlled corporation	295,200,701	9.95%
Atlantis Capital Holdings Limited[(6)]	Interest of controlled corporation	295,200,701	9.95%
Atlantis Investment Management (Hong Kong) Limited ("Atlantis")[(6)]	Beneficial owner	295,200,701	9.95%
Riverwood Asset Management (Cayman) Ltd. ("Riverwood")[(6)]	Investment manager	205,000,325	6.91%

SUBSTANTIAL SHAREHOLDERS' INTERESTS AND SHORT POSITIONS IN THE SHARES AND UNDERLYING SHARES OF THE COMPANY (continued)

Notes:

(1) Bio Garden is an investment holding company incorporated in the British Virgin Islands ("BVI"). It was wholly-owned by certain discretionary trusts of which Mr. Kam, the Chairman and an executive Director of the Company, was the founder. Mr. Kam is also the sole director of Bio Garden.

(2) The corporate substantial shareholder notice filed by Credit Suisse Trust Limited indicated that Gold Rich Investment Limited ("Gold Rich") and Gold View Investment Limited ("Gold View") had, in aggregate, a 36% interest in Bio Garden which was interested in the Bio Garden Shares. Gold Rich and Gold View were wholly-owned by Magic Master and Magic Glory, respectively. Each of Magic Master and Magic Glory was indirectly wholly-owned by Credit Suisse Trust Limited as trustee of certain discretionary trusts referred to in (1) above. Accordingly, each of Magic Master, Magic Glory and Credit Suisse Trust Limited was deemed, under the SFO, to have an interest in the Bio Garden Shares.

(3) The corporate substantial shareholder notice filed by Fiducia Suisse SA indicated that it had a 64% interest in Bio Garden. Fiducia Suisse SA is a trustee of certain discretionary trusts as referred to in (1) above. Accordingly, Fiducia Suisse SA was deemed, under the SFO, to have an interest in the Bio Garden Shares. Fiducia Suisse SA was wholly-owned by Mr. David Henry Christopher Hill. Mr. David Henry Christopher Hill and Mrs. Rebecca Ann Hill (being the spouse of Mr. David Henry Christopher Hill) were deemed, under the SFO, to have an interest in the Bio Garden Shares which Fiducia Suisse SA was interested in.

(4) These interests represent the same block of Shares of the Company.

(5) Magnum 3 is an investment holding company incorporated in BVI, which (i) is 100% owned as to its voting ordinary shares by Mr. Kam and (ii) has issued non-voting convertible and non-convertible preferred shares to Qin Wall Investment Holdings Limited. Mr. Kam is also one of the directors of Magnum 3.

(6) Atlantis is a limited liability company incorporated in Hong Kong, which was wholly-owned by Atlantis Capital Holdings Limited. Ms. Liu Yang has 100% indirect interest in Atlantis Capital Holdings Limited and she is a controller who held a 100% direct interest in Riverwood.

Save as disclosed above, as at 31 March 2017, the Directors are not aware of any other person or corporation having an interest or short position in the Shares or underlying Shares representing 5% or more of the issued share capital of the Company.

SUFFICIENCY OF PUBLIC FLOAT

Based on information that is publicly available to the Company and within the knowledge of the Directors, the Company has maintained the prescribed public float under the Listing Rules as at the date of this annual report.

DIRECTORS' INTERESTS IN TRANSACTIONS, ARRANGEMENTS OR CONTRACTS OF SIGNIFICANCE

Save as disclosed in note 38 to the financial statements, no transactions, arrangements or contracts of significance in relation to the business of the Group, to which the Company or any of its subsidiaries was a party, and in which a Director or an entity connected with a Director had a material interest, whether directly or indirectly, subsisted at the end of the year or at any time during the year.

INTEREST-BEARING AND OTHER BORROWINGS

Particulars of interest-bearing and other borrowings of the Group as at 31 March 2017 are set out in notes 26, 27 and 29 to the financial statements.

DIRECTORS' RETIREMENT BENEFITS SCHEME

Details of the directors' retirement benefits scheme adopted by the Company are set out in note 8 to the financial statements.

RETIREMENT SCHEMES

Details of the Group's retirement schemes are set out in note 37 to the financial statements.

FIVE-YEAR FINANCIAL SUMMARY

A summary of the results and of the assets and liabilities of the Group for the last five financial years is set out on pages 217 and 218 of this annual report.

CORPORATE GOVERNANCE

A report on the principal corporate governance practices adopted by the Company is set out on pages 21 to 37 of this annual report.

COMPETITION AND CONFLICT OF INTERESTS

During the year and up to the date of this report, none of the Directors has engaged in any business that competes or may compete with the business of the Group or has any other conflict of interests with the Group.

PERMITTED INDEMNITY PROVISION

The Articles of Association provides that the Directors shall be indemnified and secured harmless out of the assets of the Company from and against all actions, costs, charges, losses, damages and expenses which they shall or may incur or sustain by reason of any act done, concurred in or omitted in or about the execution of their duty, except such (if any) as they shall incur or sustain through their own fraud or dishonesty. The Company has also maintained appropriate directors and officers liability insurance coverage for the directors and officers of the Group during the year.

RELATED PARTY TRANSACTIONS

Details of the related party transactions undertaken by the Group during the year ended 31 March 2017 are set out in note 38 to the financial statements. The Company has complied with the applicable requirements under the Listing Rules for those related party transactions which constituted non-exempt connected transactions/continuing connected transactions under the Listing Rules. Other related party transactions either did not constitute connected transactions/continuing connected transactions or constituted connected transactions/continuing connected transactions but were exempted from all disclosure and independent shareholders' approval requirements under the Listing Rules.

CHANGE IN INFORMATION OF DIRECTORS AND CHIEF EXECUTIVES

The change in the information of the Directors and chief executives required to be disclosed pursuant to Rule 13.51B(1) of the Listing Rules is set out below:

Name of Director	Details of Change
Mr. KAM Yuen	Resigned as a non-executive director of Life Corporation Limited on 7 October 2016
Mr. FENG Wen	Appointed as an independent director of Beijing ConST Instruments Technology Inc.* (北京康斯特儀表科技股份有限公司) with effective from 9 August 2016

CONFIRMATION OF INDEPENDENCE

The Company has received from each of the Independent Non-Executive Directors, namely Prof. CAO Gang, Mr. FENG Wen, Prof. GU Qiao and Mr. Daniel FOA an annual confirmation of their independence pursuant to Rule 3.13 of the Listing Rules. Although Prof. Cao and Prof. Gu have served for more than nine years, the Directors are of the opinion that Prof. Cao and Prof. Gu continue to bring relevant experience and knowledge to the Board and that, notwithstanding their long service, they maintain an independent view of the Company's affairs. The Company considers that all Independent Non-Executive Directors are independent under the guidelines set out in Rule 3.13 of the Listing Rules.

OTHER TRANSACTIONS

(i) Disposal of 65.4% of the enlarged issued capital of CCBC

(a) Previous Agreements

On 6 January 2016, Golden Meditech Stem Cells (BVI) Company Limited ("GMSC"), a wholly-owned subsidiary of the Company (as vendor), 南京新街口百貨商店股份有限公司 (Nanjing Xinbai Department Store Co., Ltd.*) ("Nanjing Xinbai") and the Company (as guarantor) entered into a sale and purchase agreement (the "Previous Agreement A") in relation to, among other things, the disposal of 78,874,106 CCBC shares by GMSC to Nanjing Xinbai at the consideration of RMB5,764 million to be satisfied partly by Nanjing Xinbai issuing RMB-dominated 134,336,378 new ordinary shares with a par value of RMB1.00 each of Nanjing Xinbai and partly by cash.

On 6 January 2016, GMSC and Nanjing Xinbai entered into a profit compensation agreement (the "Previous Profit Compensation Agreement") pursuant to which GMSC agreed to make certain profit guarantee and compensation in favour of Nanjing Xinbai in respect of the financial performance of CCBC for the fiscal year ended 31 December 2016 and the fiscal years ending 31 December 2017 and 2018 respectively.

* *English name is for identification purpose only*

OTHER TRANSACTIONS (continued)

(i) Disposal of 65.4% of the enlarged issued capital of CCBC (continued)

(a) Previous Agreements (continued)

The resolution approving Previous Agreement A and the Previous Profit Compensation Agreement was passed at the extraordinary general meeting of the Company held on 15 June 2016.

Further details of Previous Agreement A and the Previous Profit Compensation Agreement are set out in the Company's announcements dated 13 January 2016 and 2 February 2016 and the circular dated 26 May 2016.

(b) Earnest Money Agreement

On 1 September 2016, the Company entered into an earnest money agreement (the "Earnest Money Agreement") with 三胞集團有限公司 (Sanpower Group Limited*) ("Sanpower"), a substantial shareholder of Nanjing Xinbai, pursuant to which Sanpower agreed to pay to the Company an earnest money of RMB300,000,000 in cash (or an equivalent amount in such other currency as the parties may agree) (the "Earnest Money") to facilitate the sale and purchase of certain CCBC shares under Previous Agreement A or pursuant to alternative arrangement(s), including but not limited to the establishment of a fund by Sanpower, or its associated companies, for the acquisition of certain CCBC shares (the "Alternative Proposal").

On 31 October 2016, the Company and Sanpower entered into a supplementary agreement to the Earnest Money Agreement whereby the parties agreed to extend (i) the date by which the Earnest Money shall be refunded to Sanpower to, among others, a date within six months after the date on which the transactions proposal contemplated under the Previous Agreement A have been rescinded but no legally binding agreement in relation to the Alternative Proposal has been entered into within four months from the date of such rescission (or such other date as the Company and Sanpower may agree); and (ii) the date by which the parties will use their best endeavours to enter into legally binding agreement(s) for the purposes of the Alternative Proposal to a date within four months after the signing of the Earnest Money Agreement or such other period as the parties may agree.

On 30 December 2016, the Company and Sanpower entered into the second supplementary agreement in relation to the Earnest Money Agreement, pursuant to which the Company shall return the Earnest Money to Sanpower within three business days from the earlier of (i) the date on which the consideration is paid into a non-escrow bank account designated by GMSC; and (ii) the date on which the escrow money is paid into a non-escrow bank account of GMSC (or its onshore affiliate) designated by GMSC.

Further details of the Earnest Money Agreement are set out in the Company's announcements dated 1 September 2016, 31 October 2016 and 30 December 2016 and the circular dated 6 March 2017.

* *English name is for identification purpose only*

OTHER TRANSACTIONS (continued)

(i) Disposal of 65.4% of the enlarged issued capital of CCBC (continued)

(c) Termination Agreements, the New Agreement and the New Profit Compensation Agreement

On 30 December 2016, (i) GMSC, the Company and Nanjing Xinbai entered into a termination agreement to terminate the Previous Agreement A; and (ii) GMSC and Nanjing Xinbai entered into a termination agreement to terminate the Previous Profit Compensation Agreement (collectively the "Termination Agreements").

On 30 December 2016, GMSC (as vendor), the Company (as guarantor) and 南京盈鵬蕙康醫療產業投資合夥企業(有限合夥) (Nanjing Ying Peng Hui Kang Medical Industry Investment Partnership (Limited Partnership)*) (the "Purchaser") (as purchaser) entered into a sale and purchase agreement (the "New Agreement"), pursuant to which GMSC conditionally agreed to sell, and the Purchaser conditionally agreed to acquire, the New Target CCBC Shares (as defined in the announcement of the Company dated 30 December 2016), at the consideration of RMB5,764 million (the "Disposal").

On 30 December 2016, GMSC and the Purchaser entered into a profit compensation agreement (the "New Profit Compensation Agreement"), pursuant to which GMSC agreed to make certain profit guarantee and compensation in favour of the Purchaser in respect of the financial performance of CCBC for the fiscal year ended 31 December 2016 and the fiscal years ending 31 December 2017 and 2018 respectively.

The resolutions approving the Termination Agreements, the New Agreement and the New Profit Compensation Agreement were passed at the extraordinary general meeting of the Company held on 22 March 2017.

On 6 April 2017, GMSC had issued conversion notices to CCBC to fully exercise the conversion rights attaching to the convertible notes of CCBC in an aggregate principal amount of US$115,000,000 for the purpose of the New Agreement. As a result of the conversion, an aggregate of 40,521,494 CCBC conversion shares have been issued to GMSC and GMSC holds an aggregate of 78,874,106 CCBC shares, representing approximately 65.4% of the entire issued and outstanding share capital of CCBC as enlarged by the issue of the said CCBC conversion shares.

Further details of the above transactions are set out in the Company's announcements dated 30 December 2016 and 6 April 2017 and the circular dated 6 March 2017.

* *English name is for identification purpose only*

OTHER TRANSACTIONS (continued)

(ii) Disposal of 34.6% (on a fully converted basis) interest in CCBC

On 6 January 2016, GMSC (as vendor), the Company (as guarantor) and Nanjing Xinbai entered into another sale and purchase agreement (the "Previous Agreement B"), pursuant to which, GMSC conditionally agreed to sell, and Nanjing Xinbai conditionally agreed to acquire 41,730,636 new shares of CCBC to be issued to GMSC immediately after completion of the Long Form Merger (as defined in the circular of the Company dated 26 May 2016), at a consideration of US$267,076,070 in cash if the privatisation of CCBC was completed.

On 30 December 2016, GMSC, the Company and Nanjing Xinbai entered into the termination agreements to terminate Previous Agreement B.

The resolutions approving the termination agreement was passed at the extraordinary general meeting of the Company held on 22 March 2017.

Further details of the Previous Agreement B and the termination agreement are set out in the Company's announcement dated 13 January 2016 and 30 December 2016 and the circular dated 6 March 2017.

(iii) Investment in Cellenkos, Inc. ("Cellenkos")

On 15 September 2016, the Company entered into:

(a) a subscription agreement with Cellenkos, whereby, the Company purchased an aggregate of 1,300,000 shares of Cellenkos' Class A Common Stock of par value of US$0.0001 per share ("Cellenkos Common Stock") from Cellenkos, at a cash consideration of US$3.921569 per share (or approximately US$5,098,000 in aggregate) and as further consideration, Cellenkos granted a warrant (the "Cellenkos Warrant") to the Company;

(b) a stock purchase warrant agreement with Cellenkos pursuant to which, among other things, the Company may exercise the Cellenkos Warrant to subscribe for a maximum of 1,300,000 shares of Cellenkos Common Stock at the exercise price of US$3.921569 per share within two years from the issue date; and

(c) a stockholders agreement with Vyserion Limited, the Board of Regents of the University of Texas System, Ms. Simrit Parmar and Cellenkos, which provided for certain voting rights, preemptive rights, participation rights, rights of first refusal and transfer restrictions in respect of Cellenkos.

Further details of the above agreements is set out in the Company's announcement dated 19 September 2016.

OTHER TRANSACTIONS (continued)

(iv) Variations to the terms and conditions of the Subscription Agreement and the Convertible Notes

On 27 October 2016, the Company, Gem Power, GM Hospital Group Limited, GM Hospital Management Company Limited, GMSC, GM Hospital Investment Ventures Company Limited and China Bright Group Co. Limited entered into the deed of variation, in relation to the variation of (x) certain terms and conditions of the convertible note subscription agreement dated 22 October 2014 entered into between the Company and Gem Power in respect of the issuance of redeemable convertible notes due 2017 in the aggregate principal amount of US$20,000,000 (equivalent to approximately HK$156,000,000) (the "Gem Power CN") and (y) the Gem Power CN, including the reduction of the conversion price from HK$1.33 to HK$1.10 per conversion Share.

Further details of the variations are set out in the Company's announcement dated 27 October 2016.

(v) Fortress Settlement

(a) On 3 November 2016, GM Investment Company Limited ("GM Investment"), a wholly-owned subsidiary of the Company, Fortress Group Limited ("Fortress") and PAGAC Fortress Holding I Limited ("PAGAC"), the assignee of PAG Asia I LP, entered into a conditional settlement agreement (the "PAG Settlement Agreement"). Pursuant to the PAG Settlement Agreement, among other things, Fortress authorises GM Investment to recover from Sanpower the outstanding sale proceeds of not less than approximately US$250,000,000 (the "Fortress Unsettled Sum") in relation to its sale of 100% equity interest in Funtalk China Holdings Limited, the only operating subsidiary of Fortress, to Sanpower. It was also agreed that GM Investment would pay a settlement sum of US$180,000,000 (the "PAGAC Settlement Sum") to PAGAC by instalments within 18 months from the date on which the PAG Settlement Agreement becomes unconditional, and PAGAC would release and waive all of its claims in connection with a shareholders agreement and share charge in respect of Fortress against GM Investment and Fortress upon receipt of the settlement sum in full.

(b) On 14 November 2016, GM Investment and Sanpower entered into a conditional settlement agreement (the "Sanpower Settlement Agreement") in connection with the Fortress Unsettled Sum. Pursuant to the Sanpower Settlement Agreement, Sanpower agrees to pay a settlement sum of US$300,000,000 (the "Sanpower Settlement Sum") to GM Investment by instalments within 36 months from the date of the Sanpower Settlement Agreement in full and final settlement of the Fortress Unsettled Sum. Upon receipt of the settlement sum, GM Investment will release and waive all of its claims against Sanpower, including the claims regarding (x) the Fortress Unsettled Sum and (y) the conditional sale and purchase agreement dated 22 March 2014, pursuant to which GM Investment agreed to sell to Sanpower all of its equity interest in Fortress.

The resolutions approving the PAG Settlement Agreement and the Sanpower Settlement Agreement were passed at the extraordinary general meeting of the Company held on 16 January 2017.

OTHER TRANSACTIONS (continued)

(v) Fortress Settlement (continued)

On 1 March 2017, GM Investment and Sanpower agreed on the following arrangements:

(1) While Sanpower will use its best efforts to remit the full amount of the first instalment of US$80 million of the Sanpower Settlement Sum (the "Initial Payment B") from the PRC to GM Investment's offshore bank account as soon as practicable, Sanpower will pay the RMB equivalent of US$80 million into the onshore bank account designated by GM Investment by 27 March 2017 pending remittance of Initial Payment B in US Dollars, whereupon following receipt of Initial Payment B, the said RMB payment will be returned to Sanpower; and

(2) no interest will be charged under the above payment arrangements.

On 1 March 2017, PAGAC and GM Investment agreed on the following arrangements:

(1) While GM Investment will use its best efforts to remit the full amount of the first instalment of US$70 million of the PAGAC Settlement Sum (the "Initial Payment A") from the PRC to PAGAC's offshore bank account as soon as practicable, GM Investment will pay the RMB equivalent of US$70 million into the onshore bank account designated by PAGAC by 31 March 2017 pending remittance of Initial Payment A in US Dollars, whereupon following receipt of Initial Payment A, the said RMB payment will be returned to GM Investment; and

(2) no interest will be charged under the above payment arrangements.

Further details of the settlement are set out in the Company's announcements dated 3 November 2016, 14 November 2016 and 1 March 2017 and the circular dated 23 December 2016.

OTHER TRANSACTIONS (continued)

(vi) Voluntary Cash Offers

On 13 January 2017, the voluntary conditional cash offer has been made by China Minsheng for and on behalf of Magnum 3 to acquire all of the issued shares ("Share Offer"), all outstanding convertible notes ("Convertible Notes Offer") and to cancel all outstanding share options ("Option Offer") of the Company (other than those already owned or agreed to be acquired by Magnum 3 and its concert parties).

(a) Share Offer

The voluntary conditional cash offer to be made by China Minsheng for and on behalf of Magnum 3 to the independent shareholders of the Company (other than Magnum 3 and its concert parties) to acquire the entire issued share capital of the Company not already owned or agreed to be acquired by Magnum 3 and its concert parties at the share offer price of HK$1.25 in accordance with the terms described in the composite document dated 10 March 2017 (the "Composite Document").

(b) Convertible Notes Offer

The offer to be made by China Minsheng for and on behalf of Magnum 3 in accordance with the Hong Kong Code on Takeovers and Mergers (the "Code") to acquire the Gem Power CN at the offer price of HK$880,681.82 for every US$100,000 face value of the Gem Power CN in accordance with the terms described in the Composite Document.

(c) Option Offer

The offer to be made by China Minsheng for and on behalf of Magnum 3 in accordance with the Code to cancel all outstanding share options at the offer price of HK$0.001 each share option in cash in accordance with the terms described in the Composite Document.

On 15 March 2017, the condition as to acceptance in respect of the Voluntary Cash Offers was satisfied and the Voluntary Cash Offers became unconditional in all respects.

The Voluntary Cash Offers closed on 10 April 2017, and Magnum 3 had received valid acceptances in respect of (i) 968,774,034 Shares; and (ii) 12,239,669 share options. Magnum 3 had not received any valid acceptance in respect of the Gem Power CN. As a result, Magnum 3 and parties acting in concert with it were interested in an aggregate of 2,087,043,560 Shares, representing approximately 70.36% of the issued share capital of the Company.

For details, please refer to the joint announcements dated 13 January 2017, 3 February 2017, 24 February 2017, 15 March 2017 and 10 April 2017 and the Composite Document issued by the Company and Magnum 3.

EVENTS AFTER THE REPORTING PERIOD

Termination of Going Private

On 27 April 2015, the Company had issued a non-binding proposal letter to the board of directors of CCBC to acquire all the ordinary shares of CCBC which are not already directly or indirectly owned by the Company at an offer price of US$6.40 in cash per share for each outstanding ordinary share of CCBC.

On 13 April 2017, the Company received a letter from CCBC and was informed that in view of the development regarding the Company's beneficial ownership in CCBC, including but not limited to the Disposal, the Purchaser's future plans regarding CCBC after the Disposal is completed and the overall viability of the Going Private (as defined in the circular of the Company dated 6 March 2017), the board of directors of CCBC has resolved to terminate any further evaluation of or negotiation regarding the Going Private. As such, the Company will not continue to pursue the Going Private.

Further details of the termination of Going Private are set out in the Company's announcement dated 13 April 2017.

AUDITORS

KPMG retires and, being eligible, offers themselves for re-appointment. A resolution for the re-appointment of KPMG as auditors of the Company is to be proposed at the forthcoming annual general meeting.

By order of the board of Directors

KAM Yuen
Chairman

Hong Kong, 28 June 2017

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

REPORTING STANDARD AND SCOPE

This report is the first Environmental, Social and Governance ("ESG") Report ("ESG Report") released by Golden Meditech Holdings Limited (the "Company" or "Golden Meditech", together with its subsidiaries, collectively referred to as the "Group") to disclose the Group's measures and performance on sustainable development issues in a transparent and open manner, so as to increase stakeholders' understanding of the Group.

This report is prepared in accordance with the "Comply or Explain" provisions specified in the ESG Reporting Guide set out in Appendix 27 of the Rules Governing the Listing of securities on The Stock Exchange of Hong Kong Limited. All the information in this ESG Report reflects the performance of Golden Meditech in environmental management and social responsibilities for the year ended 31 March 2017 ("FY2016/2017" or the "Year").

This report focuses on the medical devices business of Golden Meditech because of its significant contribution to the Group's continuing operation. The scope of this report mainly covers the major manufacturing site operated by Beijing Jingjing Medical Equipment Co., Ltd. ("Beijing Jingjing" or the "Plant"), a wholly-owned subsidiary of the Group. In the future, it is hoped that the reporting scope will be extended to cover the Group's other businesses to enrich the contents of this report.

A detailed ESG content index has been included at the back of this report to facilitate readers of this report. Please refer to other sections of this annual report for additional ESG performance information such as financial data and corporate governance information. This report does not cover the disclosure of environmental performance indicator. The Group will conduct carbon assessments next year to further detail the reporting indicators.

COMMUNICATION WITH STAKEHOLDERS

Stakeholders of Golden Meditech refer to individuals or entities that have significant impact on the Group's business or are affected by the Group's business. The Group's stakeholders include not only internal staff, but also external customers, business partners, investors, regulators and various types of community groups. In the past year, we communicated with key stakeholders through different channels. In preparing this report, we engaged a professional consulting company to conduct a substantive analysis in the form of management interview. We will make reference to the advice from consultants to map out our sustainable development strategies.

Stakeholders' communication modes during the reporting year

Internal stakeholders	External stakeholders
• Board of directors • Management • Employees	• Shareholders • Investors • Banks • Partners • Regulatory authorities
Communication modes: Meeting, email, telephone, interview, plant visit, annual and extraordinary general meetings of shareholders, letters, circulars	

Golden Meditech's businesses affect different stakeholders, and the stakeholders have different expectations of the Group. By continually using a wide range of methods to collect views of our stakeholders, the Group strives to improve its substantive analysis in the future. At the same time, the Group will also consider the reporting principles of quantity, balance, and consistency in preparing and presenting contents of this report and disclose information which meets the expectations of stakeholders.

Starting with this report, the Group will explore areas of its operations of which sustainable performance can be further enhanced. The Group will continue to better its product research and development, thus maintaining the Group's competitive advantage in the market through its excellent quality. In the next few years, the Group is committed to extending its focus from self-development to catering for the needs of different stakeholders, bringing more positive impact on the environment and society, and being a leader in sustainable development in the industry.

ENVIRONMENTAL PROTECTION

Global economic development is facing unprecedented challenges as a result of climate change. The extreme weather has, directly or indirectly, affected the ability of different institutions to gain access to resources and maintain their operations. During the climate change convention held in Paris in 2015, 195 countries, including the PRC, agreed to implement greenhouse gas emission reduction plan to keep the global temperature rise within two degrees Celsius. Corporate responsibility is not limited to the commitment to customers, but also the undertakings to the environment and society. Golden Meditech continuously studies and optimises its manufacturing technology to enhance the Plant's efficient use of water and materials.

Emissions and Use of Resources

The Plant's manufacturing processes involve injection moulding, cleaning, cutting, bonding, assembling, drying, sterilisation and packaging. Waste, exhaust gas and wastewater are the main emissions resulted from these processes. The Plant has specific management measures in place to tackle each source and type of emission, and is committed to reducing the impact of its production on the environment.

Waste: Mercury-containing fluorescent tube is the hazardous waste produced from the Plant's operations. The Plant has formulated Hazardous Waste Management Measures and designated a Dangerous Goods Temporary Storage Zone. Each department is required to place hazardous wastes in special containers provided by waste processors, store them by classification, and record storage status with unique mark. The Plant's Administration and Security Department is responsible for the overall disposal process, among which, selecting qualified waste processors, signing disposal contract, and regularly reporting the types, volume, flow direction and other data of hazardous waste to local environmental protection authorities. At present, we outsource to waste processors with relevant qualifications for processing all hazardous wastes in the Plant.

Exhaust Gas: The injection moulding and sterilisation processes emit volatile organic compounds ("VOC") and ethylene oxide exhaust gas. In 2015, the Plant installed additional carbon-activated absorption device to absorb the VOC produced by injection moulding machines. The Equipment Division regularly inspects and maintains these absorption devices, which includes replacing their filters on a quarterly basis. The used filters are recycled by waste processors. The Plant is also equipped with ethylene oxide exhaust gas treatment device, which collects flammable, explosive and toxic ethylene oxide exhaust gas and converts it into ethylene glycol liquid that has recycling value.

Wastewater: The Plant mainly uses both purified water and injection water for its production, thus the discharged wastewater does not contain soluble chemicals but only micro physical particles. The Plant discharges the wastewater into the municipal pipe network together with sanitary wastewater.

Golden Meditech is committed to improving the resource efficiency and reducing the emissions at source. In order to mitigate the emission impact on the environment, Beijing Jingjing replaced the old equipment at the Plant, which used high-pressure mercury tubes, with the new UV LED curing machines purchased during the Year. These UV LED curing machines produce less noise and enjoy higher energy efficiency as compared to the old equipment. The Plant is studying various ways to further optimise the cleaning process and reduce water usage during the production.

Golden Meditech believes that setting clear goals is essential to reduce greenhouse gas emissions and enhance the resource efficiency. Although the Group has yet to conduct carbon footprint assessment on its existing businesses, the Group has incorporated such assessment into the FY2017/2018 work plan. Beijing Jingjing has coordinated various departments to record and track the emissions yielded and the resources consumed, as a result of the Plant's operation. In future, the Group will determine the volume of greenhouse gas emissions annually. Through strengthening inter-departmental cooperation and benchmarking with accurate statistical data, we will draw up quantifiable goals for carbon emissions and resource usage. These goals will then be used to prioritise the work sequence on environmental management so as to make carbon reduction process more efficient.

Golden Meditech pledges that it will conduct its daily operations in strict compliance with the environmental protection laws and regulations where it operates. The Group was not aware of any cases of violation of the laws and regulations concerning emissions or environmental impact in all material aspects during the Year.

Environment and Natural Resources

As Beijing Jingjing is engaged in manufacturing business, any incident of equipment failure or processing malfunction will affect the surrounding environment and natural resources. Therefore, the Plant has formulated Contingency Plan for Poison Prevention and Environmental Emergencies, which aims to tackle potential environmental incidents. It has also established incident management procedures such as allocation of responsibility, report and notification, emergency rescue, post-incident investigation and conclusion. The Plant set up an emergency task force which is responsible for managing the scene of incident, as well as communicating with environmental protection, safety supervision, firefighting and other relevant government departments. The production-in-charge is required to monitor and perform on-site checking of any leakage of harmful substances, and arrange for the disposal of any substances leaked, and strive to minimise the environmental impact and other losses caused by the incidents.

EMPLOYEE CARE

Employment

Golden Meditech treasures for every employee of the Group. Beijing Jingjing has established a transparent employment management system, which covers areas ranging from recruitment, compensation and vacation to various employee benefits. It is committed to creating a work place that is free from discrimination and harassment in any form. In order to enable our new staff to adapt into the corporate culture and environment of Beijing Jingjing, each new comer is given a comprehensive Employee Handbook on his first day with the Group. The Employee Handbook outlines key policies on employee benefits, welfare, holiday and leave, responsibilities, working hours, rest hours, equal opportunities, diversity, anti-discrimination, dismissal, rewards and punishments.

Beijing Jingjing adopts open and internal recruitment exercises to select employees based on academic results, qualifications, and in particular, a person’s disposition, practical work experience and achievements. The Plant is committed to providing competitive remuneration packages which comprise basic salary, performance-based incentives, subsidies, statutory insurance entitlements and other discretionary rewards. In addition to the abovementioned benefits, Beijing Jingjing also provides free shuttle service, staff canteen and staff dormitories for its production line staff.

FY2016/2017 Employment Performance Indicators						
Number of employees		Under the age of 30	30-50	Over 50	Total number of employees	Male and female employees ratio
	Male	51	85	38	174	0.8:1
	Female	49	146	14	209	
New recruits		Under the age of 30	30-50	Over 50	Total number of new employees	Percentage of new employees in total staff
	Male	16	9	0	25	14.8%
	Female	20	12	0	32	
Former employees		Under the age of 30	30-50	Over 50	Total number of former employees	Staff turnover rate
	Male	7	11	4	22	13.7%
	Female	18	20	1	39	

Golden Meditech's operation strictly complies with the PRC Labour Law and other relevant employment laws and regulations. During the Year, the Group was not aware of any cases of violation of the laws and regulations concerning employment and labour standards..

Health and Safety

The health and safety of all those within each of our operations is of utmost concern to Golden Meditech. Beijing Jingjing formulated Safety Education and Training System to provide appropriate safety training to staff from different grades and functions, in order to create a healthy and safe working environment.

Safety Education and Training System adopts training hour as a standard quantitative indicator, and requires all employees to attend a certain number of hours of safety training:

- New staff: 24 hours
- Special operation staff: 15 hours each year
- Employees who specialise in new manufacturing process, technology, material or equipment and are assigned a new post: 4 hours
- Plant-in-charge and safety production managers: 8 hours each year
- General staff: 8 hours each year

The Plant arranges Three-level Safety Education trainings for its new employees, namely the company level, department level and group level. The training contents include but are not limited to safety regulations, equipment handling and case studies. New staff and special operational personnel who require customised training program must pass the tests and obtain the relevant operation certification before they can start their employment. The Plant has special training programs in place to help those designated employees, who are handling new manufacturing process, technology, materials or device, to master safety operation procedures. Workers who have switched post or have left the post for six months are also required to go through re-training program. All employees are required to attend regular trainings. Each year, the Plant-in-charge and safety production managers are required to participate in external training program organised by the institutions authorised by the safety supervision department. Other employees are required to attend in-house training program held by the Plant.

The Group strictly adhered to the provisions of Emergency Response Law of the PRC and Measures for the Administration of Emergency Response Plans. Beijing Jingjing developed a series of contingency plans for safety and health accidents, such as high frequency radiation, dangerous chemicals, fire and spread of infectious diseases, giving guidelines on incident notification and evacuation.

The Plant set up an emergency task force to carry out the following measures:

— directing, managing and rescuing on-site incidents;
— instructing the incident investigation team to survey, collect evidence and determine the cause and responsibility;
— handling the aftermath of incidents by disposing pollutants and compensating materials; and
— conducting an evaluation meeting to analyse the response time, the rescue team's capability, the implementation of the duties and the execution of the contingency plan within two days after the incident.

The Plant also organises comprehensive rehearsal once a year and special drills twice a year. Special trainings are provided to the relevant emergency task force to familiarise them with the accident handling process.

Golden Meditech's operation complies with Production Safety Law of the PRC, Prevention and Control of Occupational Diseases Law of the PRC and other relevant regulations. During the year, there were no fatalities in any of the Plant's operation, and the Group was not aware of any cases of violation of laws and regulations concerning employee health and safety.

Development and Training

Beijing Jingjing designs annual training programs that cover topics on production, safety, environment, management and law.

A series of trainings and seminars were organised for the following categories of employees during the Year, with a view to enhancing their knowledge and skills:

— induction training on corporate culture, production safety and quality management to all new staff;
— regular and ad hoc training programs on product handling, equipment operation and maintenance, and quality control to sales personnel and managers; and
— training programs on special fields such as new manufacturing technology, quality, safety, environment and law to frontline production staff.

Golden Meditech is gradually improving the mechanism of career advancement for all staff, striving to provide room for development and helping them improve professional and management skills so as to attract and retain talents. During FY2016/2017, Beijing Jingjing Internal Training Programs rolled out 64 training programs which involved 1,233 employees.

Labour Standards

Golden Meditech fully recognises that child labour and forced labour violate fundamental human rights, the PRC Labour Law, international labour conventions and pose a threat to sustainable social and economic development. The Group prohibits child labour and carries out verification of applicants' actual age during recruitment process. The Group only implements the requirements of the standard labour contract after both employees and employers have negotiated and agreed in principle, and will not unfairly limit the employment relationship between employees and the Group in any way. The Group strives to create a positive work-life balance and does not encourage overtime work unless necessary. The Plant clearly sets out the provisions and arrangements for labour contract and overtime work in its Employee Handbook in order to protect the employees' right to information.

During the Year, no reports of any violations of the PRC Labour Law and other relevant laws and regulations were found, nor were there any cases of child labour or forced labour.

OPERATION MANAGEMENT

Beijing Jingjing's autologous blood recovery system consists of an autologous blood recovery device and its compatible consumables. The product is used to recover and process patients' autologous blood during clinical surgery or traumatic bleeding, and then transfuse back to patients. Medical devices are applied to human body and directly affect users' safety and health. Since the production process involves procurement of many components, the quality of our products depend largely on the performance of due diligence on our business partners. Beijing Jingjing believes that it is responsible for the proper management of supply chain and production line to ensure the sustainable development of its business. The Group standardises management procedures on procurement, production and inspection, and strives to meet the requirements of the related laws and regulations, the industry, as well as customer expectation.

Supply Chain Management

Procurement control procedures of Beijing Jingjing

Developing procurement plan → Preliminary screening of supplier → Sample inspection of purchased goods →
Including in the list of qualified suppliers → Concluding procurement contract and establishing suppliers profile → Annual suppliers inspection

Beijing Jingjing has developed Procurement Control Procedures to set up the cooperation standards for suppliers, and the procedures are collectively executed by a team that consists of the chief executive officer, the procurement and supply department, the technology R&D center and the quality management department. The team will categorise products based on their impact on the performance and quality safety of final products and collect information of potential suppliers according to the procurement plan. The preliminary screening process includes assessing potential suppliers' business qualification, quality management, manufacturing competency and product specifications. In order to be considered as a supplier, organisations are required to pass an assessment. The team will, if necessary, carry out on-site due diligence on the production facilities of shortlisted suppliers and grade the factors that may affect quality safety, such as production environment, process flow, storage and transportation. Qualified suppliers are required to provide samples or small quantities of products for factory inspection. Once they pass our inspection, they can be included in the Purchased Parts, Outsourced Parts Qualified Suppliers List, and have the opportunity to become the Plant's partner.

The procurement contract entered into between Beijing Jingjing and suppliers clearly sets out key quality terms and responsibilities of both parties. Those terms include product specifications, technical standards, acceptance conditions, proprietary ownership, intellectual property and technical confidentiality. The Plant would also establish a profile for each qualified supplier, preserving the purchase contract, list of purchased goods, testimonials, quality standard, periodic audit report, etc., and recording those details in Supplier Quality and Performance Tracking Record based on the actual condition of each batch of supplied goods. This serves as a basis for reassessing the suppliers in future. Relevant departments of the Plant will perform an annual assessment on those qualified suppliers in accordance with Supplier Inspection Management System. The Plant would assess qualified suppliers every year to determine whether it will continue to be a qualified supplier, update the Purchased Parts, Outsourced Parts Qualified Suppliers List, and continuously monitor the performance of suppliers.

Product Responsibility

Golden Meditech stresses on product quality and safety monitoring. Beijing Jingjing passed the international standard ISO 9001 quality system certification as early as 2001. We are convinced that customers' trust is built on the safety, quality and performance of our products. We pay attention to not only product R&D and supply chain management, but also suppliers' selection and supervision. All parts, semi-finished or finished products have to go through rigorous quality inspection procedures. The Group provides after-sales support services to its customers, aiming to protect the health of its end-users.

During the Year, Beijing Jingjing formulated enterprise-standards for each model of its products, by conforming to the national and international standards on medical devices. The enterprise-standards regulate the technical requirements, safety standards, test requirements and methods, inspection standards for all components of the final-assembled product, as well as product descriptions, exterior packaging, product labels, transportation and storage. These enterprise-standards provide a consistent workflow and quantitative technical specifications to production and inspection personnel. The relevant departments of the Plant are required to conduct ex-factory inspection on each autologous blood recovery device and each batch of consumables in accordance with the enterprise-standards. The Plant will perform additional sampling testing on those qualified products that have already passed ex-factory inspection, when it encounters major changes in product structure, materials, processes and other situations that may affect the performance of a product, or before registering and launching a new product. Only products that meet the relevant requirements of enterprise standards are allowed to leave the Plant.

Beijing Jingjing released Product After-sales Service Commitment on its website, promising all legitimate customers who bought its products that it will provide a series of after-sales services. In addition to providing product operating instruction, service manual and operational guidance CDs, the Plant also provides appropriate trainings and supports to its new customers. These trainings and supports include surgical operation demonstration, technical seminars, maintenance personnel training and consulting services.

Beijing Jingjing provides free maintenance services during warranty period, and much effort has been devoted to providing support through multiple channels, such as customer service and maintenance hotline, mail box, social media like WeChat and Weibo, to deal with customer inquiries. The Plant is committed to respond to customers' inquiries within 24 hours and solving their problems within 48 hours. The Plant performs annual on-site inspection on the device and conducts telephone interviews with customers every six months, with the aim of learning about the product performance and customer satisfaction, and continuously to improve after-sales management.

Golden Meditech strictly complies with the related laws and regulations where we manufacture and market. During the Year, the Group did not identify any cases violating the relevant laws and regulations concerning product responsibility.

Anti-corruption

Golden Meditech is committed to the prevention of corruption, theft, fraud, malpractice, money laundering and other illegal acts. Beijing Jingjing's Employee Manual stipulates that employees must observe the code of conduct, and prohibits employees from using their position to ask or extort money from customers, or abuse their power to engage in corruption or bribery. The human resources department will investigate all suspected corrupt practices and report them to the management for decisive course of action. The decision will be announced to all employees via internal notification to ensure that the information is open and transparent. The Group strictly adhere to the Criminal Law of the PRC, the Anti-unfair Competition Law of the PRC and other relevant laws and regulations. During the Year, there was no reported cases of corruption.

COMMUNITY INVESTMENT

The market increasingly values corporate social responsibility, hence the concept of Social License to Operate arises, which emphasises that enterprises shall not only aim at short-term financial performance and shareholder returns, but also pay attention to the long-term interests of society as a whole. As an enterprising corporate, Golden Meditech understands the importance of meeting the expectations of different stakeholders. The Group believes that balancing the interests of shareholders and all other stakeholders will enable its business to sustain a long-term, stable and healthy development.

Golden Meditech believes that employees is the force central to promoting social well-being and creating more values for society. Over the years, Beijing Jingjing has made donations to support domestic earthquake relief work on several occasions and have held staff volunteer activities such as Conveying Warmness from Jingjing. Although the Group has yet to establish specific policies on community investment, we have continuously upheld our commitment to social responsibility. Taking into account the past experiences in community activities and combined with the staff's ability and interests and the needs of community where it operates, the Group will actively plan appropriate community participation projects, and make greater contributions to the sustainable development of society.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORTING GUIDE

Subject Areas	Contents	Page
A1 Emissions		
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to air and greenhouse gas emissions, discharges into water and land, and generation of hazardous and non-hazardous waste.	67-68
A2 Use of Resources		
General Disclosure	Policies on the efficient use of resources, including energy, water and other raw materials.	67-68
A3 Environment and Natural Resources		
General Disclosure	Policies on minimising the issuer's significant impact on the environment and natural resources.	69

Subject Areas	Contents	Page
B1 Employment		
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to compensation and dismissal, recruitment and promotion, working hours, rest periods, equal opportunity, diversity, anti-discrimination, and other benefits and welfare.	69-70
B2 Health and Safety		
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to providing a safe working environment and protecting employees from occupational hazards.	70-71
B3 Development and Training		
General Disclosure	Policies on improving employees' knowledge and skills for discharging duties at work. Description of training activities.	72
B4 Labour Standards		
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to preventing child and forced labour.	72
B5 Supply Chain Management		
General Disclosure	Policies on managing environmental and social risks of the supply chain.	73
B6 Product Responsibility		
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to health and safety, advertising, labelling and privacy matters relating to products and services provided and methods of redress.	73-74

Subject Areas	Contents	Page
B7 Anti-corruption		
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to bribery, extortion, fraud and money laundering.	74
B8 Community Investment		
General Disclosure	Policies on community engagement to understand the needs of the communities where the issuer operates and to ensure its activities take into consideration the communities' interests.	75

INDEPENDENT AUDITOR'S REPORT

INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF GOLDEN MEDITECH HOLDINGS LIMITED

(incorporated in the Cayman Islands with limited liability)

OPINION

We have audited the consolidated financial statements of Golden Meditech Holdings Limited ("the Company") and its subsidiaries ("the Group") set out on pages 90 to 216, which comprise the consolidated statement of financial position as at 31 March 2017, the consolidated income statement, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated cash flow statement for the year then ended and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 March 2017 and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

BASIS FOR OPINION

We conducted our audit in accordance with Hong Kong Standards on Auditing ("HKSAs") issued by the HKICPA. Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the consolidated financial statements* section of our report. We are independent of the Group in accordance with the HKICPA's Code of *Ethics for Professional Accountants* ("the Code") together with any ethical requirements that are relevant to our audit of the consolidated financial statements in the Cayman Islands, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

KEY AUDIT MATTERS

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

KEY AUDIT MATTERS (continued)

Revenue recognition

Refer to note 4 to the consolidated financial statements and the accounting policies on page 117.

The Key Audit Matter

The Group's revenue is derived from several business segments including the cord blood storage, medical devices, hospital management, medical insurance administration and Chinese herbal medicines businesses.

The terms set out in the agreements or orders with customers of the different business segments vary significantly.

For the cord blood storage business segment, under the cord blood processing and storage agreements ("Agreements") signed with customers, the Group charges separate processing fees and storage fees to customers and such Agreements typically provide for a storage period of eighteen years with successive one-year renewal periods after the eighteenth year.

The Agreements are multiple-element arrangements, which include (i) the processing of cord blood and (ii) the storage of cord blood. The consideration received is allocated between the separate units of accounting based on the relative selling prices determined based on prices of those elements as sold on a stand-alone basis.

The Group recognises processing fee revenue upon successful completion of processing services and when the cord blood meets all the required attributes for storage and recognises storage fee revenue over the storage period.

How the matter was addressed in our audit

Our audit procedures to assess the recognition of revenue included the following:

- obtaining an understanding of and assessing the design, implementation and operating effectiveness of management's key internal controls in relation to revenue recognition;
- inspecting samples of agreements or orders with customers for each business segment to identify terms and conditions relating to revenue recognition and assessing the Group's policies in respect of the timing of recognition of revenue with reference to the requirements of the prevailing accounting standards;
- evaluating the revenue summary report for the cord blood storage business segment by comparing, on a sample basis, the key terms and customer information in the Agreements with the revenue summary report;
- developing expectations of revenue for the cord blood storage business segment based on (i) the number of new cord blood intakes during the year as set out in the revenue summary report, (ii) the accumulated number of stored cord blood units and (iii) prices for processing and storage services, comparing our expectations with revenue recorded by the Group and obtaining and evaluating explanations from management in respect of significant variances between our expectations and the actual revenue recorded by the Group;

KEY AUDIT MATTERS (continued)

The Key Audit Matter	How the matter was addressed in our audit
For other business segments, revenue is generally recognised when the services are rendered or when the Group has delivered products to the customer and the customer has accepted the products and collectability of the related receivable is reasonably assured. We identified revenue recognition as a key audit matter because of the complexity of the terms and conditions of the agreements or orders with customers, particularly for the cord blood storage business segment, and because revenue is one of the key performance indicators of the Group and therefore there is an inherent risk of manipulation of the timing of recognition of revenue by management to meet specific targets or expectations.	• for revenue generated from business segments other than the cord blood storage business segment, comparing revenue transactions, on a sample basis, with agreements or orders with customers, invoices, goods despatch notes and other relevant underlying documentation as applicable under the different business segments; • comparing, on a sample basis, specific revenue transactions recorded before and after the financial year end date with relevant underlying documentation, which included goods dispatch notes and examination reports, as applicable under the different agreements or orders with customers, to assess whether the related revenue had been recognised in the appropriate financial period; and • inspecting manual journal entries relating to revenue recognised during the year which were considered to be material or met other specific risk-based criteria, enquiring of management the reasons for such adjustments and comparing the details of the adjustments with relevant underlying documentation.

KEY AUDIT MATTERS (continued)

Classification and presentation of a disposal group classified as held for sale and a discontinuing operation

Refer to note 33 to the consolidated financial statements and the accounting policies on pages 119 to 120.

The Key Audit Matter	How the matter was addressed in our audit
On 6 January 2016, the Group entered into a conditional sale and purchase agreement (the "Agreement A") with Nanjing Xinjiekou Department Store Co., Ltd. ("Nanjing Xinbai"), pursuant to which the Group conditionally agreed to sell and Nanjing Xinbai conditionally agreed to acquire approximately 65.4% of the ordinary shares of China Cord Blood Corporation ("CCBC") held by the Group, assuming all convertible notes issued by CCBC had been converted into ordinary shares in full. The Group reclassified the assets and liabilities of CCBC as held for sale and accounted for the operations of CCBC as a discontinuing operation in the consolidated financial statements for the year ended 31 March 2016. On 30 December 2016, the Group entered into a termination agreement with Nanjing Xinbai to terminate the Agreement A. Simultaneously, the Group entered into a conditional sale and purchase agreement (the "New Agreement") with Nanjing Ying Peng Hui Kang Medical Industry Investment Partnership (Limited Partnership) (the "Purchaser"), pursuant to which the Group conditionally agreed to sell, and the Purchaser conditionally agreed to acquire 65.4% of the ordinary shares of CCBC held by the Group, assuming all convertible notes issued by CCBC had been converted into ordinary shares in full, at a consideration of RMB5,764 million (the "Disposal").	Our audit procedures to assess the classification and presentation of the disposal group classified as held for sale and the discontinuing operation included the following: • obtaining an understanding of management's assessment of the classification of the disposal group held for sale and the discontinuing operation, including the assessment of the probability of shareholder approval of the Disposal as of the end of reporting period, with the reference to the requirements of the prevailing accounting standards; • reading the New Agreement to identify terms of potential accounting significance relating to the Disposal and assessing the accounting implications of these terms and conditions; • assessing the recoverability of the individual assets in the disposal group before the classification as held for sale and assessing the recoverability of the disposal group classified as held for sale at the reporting date by comparing the consideration as set out in the New Agreement with the carrying value of the disposal group held for sale as at 31 March 2017; and

KEY AUDIT MATTERS (continued)

The Key Audit Matter	How the matter was addressed in our audit
As at 31 March 2017, management considered it was highly probable that the carrying amount of CCBC would be recovered through a sale transaction rather than through continuing use and that CCBC was available for sale in its present condition. Accordingly, management continued to classify the assets and liabilities of CCBC as held for sale and accounted for the operations of CCBC as a discontinuing operation in the consolidated financial statements for the year ended 31 March 2017. We identified the classification and presentation of the disposal group classified as held for sale and the discontinuing operation as a key audit matter because of the significance of the classification and presentation of the disposal group classified as held for sale and the discontinuing operation to the consolidated financial statements and because of the degree of management judgement involved in assessing this classification and presentation.	• considering the disclosures in the consolidated financial statements relating to the disposal group held for sale and the discontinuing operation, with reference to the requirements of the prevailing accounting standards.

KEY AUDIT MATTERS (continued)

Assessing impairment of non-current assets in relation to the hospital management and operation business

Refer to note 14 to the consolidated financial statements and the accounting policies on pages 110 to 111.

The Key Audit Matter	How the matter was addressed in our audit
The Group’s hospital management and operation business includes the operations of three hospitals, of which, Beijing Qinghe Hospital is still under trial operation and Beijing Sunbow Obstetrics and Gynaecology Hospital commenced operations in October 2016. The hospital management and operation business has been loss making since the year ended 31 March 2013. Accordingly, management considered that there was an indication of impairment of non-current assets in relation to the hospital management and operation business, which primarily comprised goodwill, property, plant and equipment and interests in leasehold land held for own use under operating leases which had carrying values (before impairment provisions) of HK$463 million, HK$1,052 million and HK$903 million, respectively as at 31 March 2017. Management performed impairment assessments of the cash-generating units (“CGUs”) of the hospital management business to which the non-current assets were allocated at the year end to estimate their recoverable amounts by preparing discounted cash flow forecasts, which involved the exercise of significant management judgement and estimation, particularly in assessing the following: • future revenue growth rates; • future long-term growth rates; and • the discount rates applied.	Our audit procedures to assess impairment of non-current assets in relation to the hospital management and operation business included the following: • evaluating the management’s identification of CGUs, the amounts of non-current assets and other assets and liabilities allocated to each CGU and the methodology applied by management in its impairment assessments with reference to the requirements of the prevailing accounting standards; • comparing the most significant inputs adopted in the discounted cash flow forecasts, including forecast revenue, forecast cost of sales, forecast operating expenses and future long term growth rates with (i) the historical performance of the Group; and (ii) data from comparable companies and external market data; • engaging our internal valuation specialists to assist us in assessing whether the discount rates applied in the discounted cash flow forecasts were within the range adopted by other companies in the same industry; • obtaining from management sensitivity analyses of the key assumptions adopted in the discounted cash flow forecasts and assessing the impact of changes in the key assumptions to the conclusions reached in the impairment assessments and whether there were any indicators of management bias; and

KEY AUDIT MATTERS (continued)

The Key Audit Matter	How the matter was addressed in our audit
We identified assessing impairment of non-current assets in relation to the hospital management and operation business as a key audit matter because of the significance of non-current assets in relation to the hospital management and operation business to the consolidated statement of financial position and because of the complexity of the judgemental assumptions made by management in its impairment assessments, particularly in respect of the operating model, future revenue growth rates, future long term growth rates and the discount rates applied, which could be subject to management bias.	• considering the disclosures in the consolidated financial statements relating to the assessment of impairment of non-current assets in relation to the hospital management and operation business, including sensitivities of the key assumptions, with reference to the requirements of the prevailing accounting standards.

Assessing potential impairment of investments in equity securities and funds

Refer to notes 16, 17 and 19 to the consolidated financial statements and the accounting policies on pages 108 to 110.

The Key Audit Matter	How the matter was addressed in our audit
As at 31 March 2017, the Group held various investments in equity securities and funds totalling HK$547 million, which were recognised as an interest in an associate, an interest in a joint venture and available-for-sale securities in the Group's consolidated statement of financial position. Investments in equity securities and funds totalling HK$321 million did not have a quoted prices in an active market for identical instruments and the fair values of these investments could not otherwise be reliably measured. Accordingly, such investments were recognised at cost less impairment losses.	Our audit procedures to assess potential impairment of investments in equity securities and funds included the following: • assessing the value of all investments in equity securities and funds for which there was a quoted price in an active market by comparing the prices adopted by the Group at the year end date with the last bid prices from independent pricing sources; • obtaining an understanding of management's impairment assessment in respect of all investments in equity securities and funds; and

KEY AUDIT MATTERS (continued)

The Key Audit Matter	How the matter was addressed in our audit
Determining whether there is objective evidence of impairment, which includes (i) a significant or prolonged decline in the fair value of any investment below its cost for investments which have a quoted price in an active market and (ii) a significant shortfall in the investee's actual business performance compared with budgets and significant changes in the technological, market, economic or legal environment that have an adverse effect on the fair value of the investment for investments which do not have a quoted prices in an active market, involves the exercise of significant management judgement. We identified assessing potential impairment of investments in equity securities and funds as a key audit matter because of the significance of investments in equity securities and funds to the consolidated statement of financial position and because of the degree of judgement exercised by management in determining whether there was objective evidence of impairment of investments in equity securities and funds.	• evaluating management's impairment assessment by: (i) conducting news searches of the issuers of the equity securities and funds; (ii) obtaining and reviewing the latest financial statements of all equity securities and funds; and (iii) reviewing the investment portfolios of the funds.

KEY AUDIT MATTERS (continued)

Assessing the fair value of financial liabilities at fair value through profit or loss

Refer to note 29 to the consolidated financial statements and the accounting policies on page 113.

The Key Audit Matter	How the matter was addressed in our audit
As at 31 March 2017, the Group's financial liabilities at fair value through profit or loss represented convertible notes issued by the Company with a carrying value of HK$158 million, which were classified under the fair value hierarchy as a level 3 financial instrument. The valuation of the Group's financial liabilities at fair value through profit or loss is based on a combination of market data and valuation models which require a considerable number of inputs. Many of these inputs, including expected share volatility, expected dividend yield and the discount rate applied, involved the exercise of significant management judgement in their determination. We identified assessing the fair value of financial liabilities at fair value through profit or loss as a key audit matter because of the degree of complexity involved in valuing the convertible notes and because of the degree of judgement exercised by management in determining the inputs used in the valuation models.	Our audit procedures to assess the fair value of the financial liabilities at fair value through profit or loss included the following: • using our internal valuation specialists to assist us in evaluating the methodology used by management in the valuation of the convertible notes with reference to the requirement of the prevailing accounting standards and to perform an independent valuation of the convertible notes. This included comparing the Group's valuation models with our knowledge of current and emerging practice, assessing the most significant inputs to the valuation, establishing our own valuation model and comparing our valuation with the valuation determined by management; and • assessing whether the disclosures in the consolidated financial statements reflected the Group's exposure to financial instrument valuation risk with reference to the requirements of the prevailing accounting standards.

INFORMATION OTHER THAN THE CONSOLIDATED FINANCIAL STATEMENTS AND AUDITOR'S REPORT THEREON

The directors are responsible for the other information. The other information comprises all the information included in the annual report, other than the consolidated financial statements and our auditor's report thereon. Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

RESPONSIBILITIES OF THE DIRECTORS FOR THE CONSOLIDATED FINANCIAL STATEMENTS

The directors are responsible for the preparation of the consolidated financial statements that give a true and fair view in accordance with HKFRSs issued by the HKICPA and the disclosure requirements of the Hong Kong Companies Ordinance and for such internal control as the directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the directors are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

The directors are assisted by the Audit Committee in discharging their responsibilities for overseeing the Group's financial reporting process.

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. This report is made solely to you, as a body and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with HKSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with HKSAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the Audit Committee regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Audit Committee with a statement that we have complied with relevant ethical requirements regarding independence and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence and, where applicable, related safeguards.

From the matters communicated with the Audit Committee, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in this independent auditor's report is Tse, Wong Pui.

KPMG
Certified Public Accountants

8th Floor, Prince's Building
10 Chater Road
Central, Hong Kong
28 June 2017

CONSOLIDATED INCOME STATEMENT

for the year ended 31 March 2017
(Expressed in Hong Kong dollars)

	Note	2017 $'000	2016 $'000
Continuing operations			
Revenue	4	**230,666**	281,558
Cost of sales		**(132,779)**	(152,490)
Gross profit		**97,887**	129,068
Other income	5	**14,582**	24,622
Selling expenses		**(18,980)**	(15,580)
Administrative expenses		**(404,475)**	(400,439)
Impairment loss on available-for-sale securities	6(c)	**(1,182)**	(2,911)
Loss from operations		**(312,168)**	(265,240)
Finance costs	6(a)	**(572,119)**	(144,467)
Changes in fair value of financial instruments at fair value through profit or loss	6(c)	**(13,633)**	(17,250)
Share of losses of an associate	16	**(200)**	—
Share of losses of a joint venture	17	**(1,331)**	—
Reversal of impairment loss on investment in Fortress Group Limited	18	**734,525**	—
Impairment loss on goodwill	14	**(294,995)**	—
Loss before taxation	6	**(459,921)**	(426,957)
Income tax expense	7(a)(i)	**(2,672)**	(4,327)
Loss for the year from continuing operations		**(462,593)**	(431,284)
Discontinuing operation			
Profit/(loss) for the year from discontinuing operation	33	**291,399**	(357,268)
Loss for the year		**(171,194)**	(788,552)

for the year ended 31 March 2017
(Expressed in Hong Kong dollars)

	Note	2017 $'000	2016 $'000
Attributable to:			
Equity shareholders of the Company			
– continuing operations		**(436,770)**	(405,561)
– discontinuing operation		**289,649**	(280,951)
		(147,121)	(686,512)
Non-controlling interests			
– continuing operations		**(25,823)**	(25,723)
– discontinuing operation		**1,750**	(76,317)
		(24,073)	(102,040)
Loss for the year		**(171,194)**	(788,552)
Basic and diluted (loss)/earnings per share (in cents)	11		
– continuing operations		**(14.7)**	(17.2)
– discontinuing operation		**9.7**	(11.9)
		(5.0)	(29.1)

The notes on pages 99 to 216 form part of these financial statements.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

for the year ended 31 March 2017
(Expressed in Hong Kong dollars)

	Note	2017 $'000	2016 $'000
Loss for the year		**(171,194)**	(788,552)
Other comprehensive income for the year (after tax and reclassification adjustments)			
Items that may be reclassified subsequently to profit or loss:			
Exchange differences on translation of financial statements to presentation currency	10	**(288,542)**	(236,387)
Available-for-sale securities: net movement in fair value reserve	10	**(44,642)**	53,710
Other comprehensive income for the year		**(333,184)**	(182,677)
Total comprehensive income for the year		**(504,378)**	(971,229)
Attributable to:			
Equity shareholders of the Company			
– continuing operations		**(576,758)**	(518,775)
– discontinuing operation		**190,272**	(309,924)
		(386,486)	(828,699)
Non-controlling interests			
– continuing operations		**(26,904)**	(28,217)
– discontinuing operation		**(90,988)**	(114,313)
		(117,892)	(142,530)
Total comprehensive income for the year		**(504,378)**	(971,229)

The notes on pages 99 to 216 form part of these financial statements.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

at 31 March 2017
(Expressed in Hong Kong dollars)

	Note	2017 $'000	2016 $'000
Non-current assets			
Property, plant and equipment	12(a)	**1,192,734**	1,315,667
Interests in leasehold land held for own use under operating leases	12(a)	**1,496,026**	1,575,849
		2,688,760	2,891,516
Goodwill	14	**168,318**	491,410
Interest in an associate	16	**32,311**	—
Interest in a joint venture	17	**68,850**	—
Available-for-sale securities	19	**78,271**	96,189
Trade and other receivables	21	**1,186,363**	—
Deferred tax assets	28(b)(ii)	**13,418**	13,967
		4,236,291	3,493,082
Current assets			
Derivative financial assets	16	**5,729**	—
Inventories	20	**20,576**	17,288
Trade and other receivables	22	**466,682**	122,247
Time deposits	23	**74,000**	83,829
Cash and cash equivalents	24(a)	**438,957**	890,333
		1,005,944	1,113,697
Assets of disposal group classified as held for sale	33	**5,986,102**	5,686,204
		6,992,046	6,799,901
Current liabilities			
Trade and other payables	25	**991,596**	353,179
Interest-bearing borrowings	26	**2,822,725**	2,697,537
Obligations under finance leases	27	**3,341**	3,789
Income tax payables	28(a)	**61,086**	64,134
Financial liabilities at fair value through profit or loss	29	**158,088**	—
		4,036,836	3,118,639
Liabilities of disposal group classified as held for sale	33	**2,574,384**	2,377,303
		6,611,220	5,495,942
Net current assets		**380,826**	1,303,959
Total assets less current liabilities		**4,617,117**	4,797,041

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

at 31 March 2017
(Expressed in Hong Kong dollars)

	Note	2017 $'000	2016 $'000
Non-current liabilities			
Other payables	25	**429,000**	—
Obligations under finance leases	27	**19,679**	22,971
Deferred tax liabilities	28(b)(ii)	**137,233**	149,842
Financial liabilities at fair value through profit or loss	29	**—**	155,339
Other non-current liabilities		**378**	403
		586,290	328,555
NET ASSETS		**4,030,827**	4,468,486
CAPITAL AND RESERVES			
Share capital	31(b)	**593,228**	593,228
Reserves	31(c)	**2,730,712**	3,079,572
Total equity attributable to equity shareholders of the Company		**3,323,940**	3,672,800
Non-controlling interests		**706,887**	795,686
TOTAL EQUITY		**4,030,827**	4,468,486

Approved and authorised for issue by the board of directors on 28 June 2017.

KAM Yuen
Director

KONG Kam Yu
Director

The notes on pages 99 to 216 form part of these financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

for the year ended 31 March 2017
(Expressed in Hong Kong dollars)

		Attributable to equity shareholders of the Company											
	Note	Share capital $'000	Share premium $'000	Capital redemption reserve $'000	Capital reserve $'000	Merger reserve $'000	Exchange reserve $'000	Surplus reserve $'000	Fair value reserve $'000	Other reserves $'000	Retained profits/ (accumulated losses) $'000	Total $'000	Non- controlling interests $'000	Total equity $'000
Balance at 1 April 2016		593,228	3,293,087	11,679	65,189	54,193	327,364	231,098	79,901	(1,016,492)	33,553	3,672,800	795,686	4,468,486
Changes in equity for the year ended 31 March 2017:														
Loss for the year		–	–	–	–	–	–	–	–	–	(147,121)	(147,121)	(24,073)	(171,194)
Other comprehensive income		–	–	–	–	–	(215,794)	–	(23,571)	–	–	(239,365)	(93,819)	(333,184)
Total comprehensive income for the year		–	–	–	–	–	(215,794)	–	(23,571)	–	(147,121)	(386,486)	(117,892)	(504,378)
Dividends to holders of non-controlling interests		–	–	–	–	–	–	–	–	–	–	–	(5,036)	(5,036)
Cancellation of share options	34(a)	–	–	–	(9,341)	–	–	–	–	–	9,341	–	–	–
Equity settled share-based payment expenses	34(b)	–	–	–	37,626	–	–	–	–	–	–	37,626	34,129	71,755
Transfer to surplus reserve		–	–	–	–	–	–	14,843	–	–	(14,843)	–	–	–
Balance at 31 March 2017		593,228	3,293,087	11,679	93,474	54,193	111,570	245,941	56,330	(1,016,492)	(119,070)	3,323,940	706,887	4,030,827

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

for the year ended 31 March 2017
(Expressed in Hong Kong dollars)

		Attributable to equity shareholders of the Company												
	Note	Share capital $'000	Share premium $'000	Capital redemption reserve $'000	Capital reserve $'000	Merger reserve $'000	Exchange reserve $'000	Surplus reserve $'000	Fair value reserve $'000	Other reserves $'000	Retained profits $'000	Total $'000	Non-controlling interests $'000	Total equity $'000
Balance at 1 April 2015		359,572	2,368,790	11,679	42,136	54,193	493,255	210,726	40,289	(747,266)	755,901	3,589,275	1,046,976	4,636,251
Changes in equity for the year ended 31 March 2016:														
Loss for the year		—	—	—	—	—	—	—	—	—	(686,512)	(686,512)	(102,040)	(788,552)
Other comprehensive income		—	—	—	—	—	(167,999)	—	25,812	—	—	(142,187)	(40,490)	(182,677)
Total comprehensive income for the year		—	—	—	—	—	(167,999)	—	25,812	—	(686,512)	(828,699)	(142,530)	(971,229)
Dividend approved in respect of the previous year	31(b)(ii)	1,810	7,219	—	—	—	—	—	—	—	(25,628)	(16,599)	—	(16,599)
Dividends to holders of non-controlling interests		—	—	—	—	—	—	—	—	—	—	—	(17,858)	(17,858)
Shares issued upon warrants conversion	31(b)(iii)	6,707	40,237	—	—	—	—	—	—	—	—	46,944	—	46,944
Placing of shares under general mandate	31(b)(iv)	28,000	109,703	—	—	—	—	—	—	—	—	137,703	—	137,703
Shares issued upon open offer	31(b)(v)	197,139	767,138	—	—	—	—	—	—	—	—	964,277	—	964,277
Acquisition of additional interests in subsidiaries	32(b)	—	—	—	—	—	2,108	—	13,800	(269,226)	—	(253,318)	(129,636)	(382,954)
Share options lapsed		—	—	—	(10,164)	—	—	—	—	—	10,164	—	—	—
Equity settled share-based payment expenses	34(b)	—	—	—	33,217	—	—	—	—	—	—	33,217	38,734	71,951
Transfer to surplus reserve		—	—	—	—	—	—	20,372	—	—	(20,372)	—	—	—
Balance at 31 March 2016		593,228	3,293,087	11,679	65,189	54,193	327,364	231,098	79,901	(1,016,492)	33,553	3,672,800	795,686	4,468,486

The notes on pages 99 to 216 form part of these financial statements.

CONSOLIDATED CASH FLOW STATEMENT

for the year ended 31 March 2017
(Expressed in Hong Kong dollars)

	Note	2017 $'000	2016 $'000
Operating activities			
Cash generated from operations	24(b)	**561,696**	620,140
The People's Republic of China ("PRC") income tax paid		**(70,526)**	(76,493)
Net cash generated from operating activities		**491,170**	543,647
Investing activities			
Proceeds from sale of property, plant and equipment		**2,214**	184
Payments for purchase of property, plant and equipment		**(78,061)**	(158,671)
Amounts received from advances to a third party		**—**	6,348
Payments for investments in an associate	16	**(39,764)**	—
Payments for investments in a joint venture	17	**(3,120)**	—
Loan and advances to a joint venture	17	**(66,526)**	—
Net proceeds received from a third party under the settlement agreements	18	**78,000**	—
Earnest money received from a third party	32(c)(ii)	**348,867**	—
Payments for purchase of available-for-sale securities		**(81,986)**	(2,376)
Net proceeds from disposal of available-for-sale securities		**—**	66,268
Proceeds from investment income of available-for-sale securities		**20,383**	6,997
Proceeds from disposals of trading securities		**—**	102,399
Payments for acquisitions of time deposits		**(74,000)**	(83,829)
Proceeds from disposals of time deposits		**83,829**	86,169
Interest income from bank deposits		**15,198**	16,962
Dividend income from trading securities	5	**—**	970
Dividend income from available-for-sale securities	5	**—**	60,608
Net cash generated from investing activities		**205,034**	102,029

CONSOLIDATED CASH FLOW STATEMENT

for the year ended 31 March 2017
(Expressed in Hong Kong dollars)

	Note	2017 $'000	2016 $'000
Financing activities			
Proceeds from issuance of new shares upon warrants conversion	31(b)(iii)	—	46,944
Net proceeds from placing of shares under general mandate	31(b)(iv)	—	137,703
Net proceeds from issuance of new shares upon open offer	31(b)(v)	—	964,277
Payments for acquisitions of additional interests in subsidiaries	32	(50,000)	(432,954)
Payments for dividends to equity shareholders of the Company		(9)	(16,589)
Payments for dividends to holders of non-controlling interests		(5,036)	(17,858)
Net proceeds from new interest-bearing borrowings		—	2,136,411
Repayments of interest-bearing borrowings		(376,440)	(384,009)
Payments for deemed redemption of convertible notes issued by a subsidiary	29	—	(2,225,785)
Interest paid on interest-bearing borrowings		(131,633)	(55,925)
Interest paid on convertible notes	29	(9,360)	(68,564)
Capital element of finance leases rentals paid		(2,168)	(3,257)
Interest element of finance leases rentals paid		(1,957)	(1,419)
Net cash (used in)/generated from financing activities		(576,603)	78,975
Net increase in cash and cash equivalents		119,601	724,651
Cash and cash equivalents at beginning of the year		4,507,530	3,959,389
Effects of foreign exchange rates changes		(229,825)	(176,510)
Cash and cash equivalents at end of the year	24(a)	4,397,306	4,507,530
Analysis of cash and cash equivalents:			
Cash and cash equivalents of the Group		4,397,306	4,507,530
Reclassification to assets of disposal group classified as held for sale	33	(3,958,349)	(3,617,197)
	24(a)	438,957	890,333

The notes on pages 99 to 216 form part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS

(Expressed in Hong Kong dollars unless otherwise indicated)

1 BACKGROUND

Golden Meditech Holdings Limited (the "Company") was incorporated in the Cayman Islands on 3 September 2001 as an exempted company with limited liability under the Companies Law (2001 Second Revision) of the Cayman Islands. Listing of the Company's shares on the Growth Enterprise Market (the "GEM") of The Stock Exchange of Hong Kong Limited (the "Stock Exchange") commenced on 28 December 2001. On 16 June 2009, the listing of the Company's shares was transferred from the GEM to the Main Board of the Stock Exchange.

On 24 January 2011, the Company completed the listing of 90,000,000 units of Taiwan Depositary Receipts ("TDRs"), representing 90,000,000 ordinary shares of the Company of par value of $0.20 each (the "Share(s)"), comprising 60,000,000 new Shares allotted and issued by the Company and 30,000,000 Shares sold by the Company's then shareholders, on the Taiwan Stock Exchange Corporation ("Taiwan Stock Exchange").

The Company and its subsidiaries are collectively referred to as the "Group".

2 SIGNIFICANT ACCOUNTING POLICIES

(a) Statement of compliance

These financial statements have been prepared in accordance with all applicable Hong Kong Financial Reporting Standards ("HKFRSs"), which collective term includes all applicable individual HKFRSs, Hong Kong Accounting Standards ("HKASs") and Interpretations issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"), accounting principles generally accepted in Hong Kong and the requirements of the Hong Kong Companies Ordinance. These financial statements also comply with the applicable disclosure provisions of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules"). Significant accounting policies adopted by the Group are disclosed below.

The HKICPA has issued certain new and revised HKFRSs that are first effective or available for early adoption for the current accounting period of the Group. Note 2(c) provides information on any changes in accounting policies resulting from initial application of these developments to the extent that they are relevant to the Group for the current and prior accounting periods reflected in these financial statements.

2 SIGNIFICANT ACCOUNTING POLICIES (continued)

(b) Basis of preparation of the financial statements

The consolidated financial statements for the year ended 31 March 2017 comprise the Group and the Group's interests in an associate and a joint venture.

The measurement basis used in the preparation of the financial statements is the historical cost basis except as disclosed in the accounting policies hereunder.

Non-current assets and disposal groups held for sale are stated at the lower of carrying amount and fair value less costs to sell (note 2(y)).

The preparation of financial statements in conformity with HKFRSs requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Judgements made by management in the application of HKFRSs that have significant effect on the financial statements and major sources of estimation uncertainty are discussed in note 3.

(c) Changes in accounting policies

The HKICPA has issued a number of amendments to HKFRSs that are first effective for the current accounting period of the Group.

- *Annual Improvements to HKFRSs 2012-2014 Cycle*

- Amendments to HKAS 1, *Presentation of financial statements: Disclosure initiative*

None of these developments have had a material effect on how the Group's results and financial position for the current or prior periods have been prepared or presented. The Group has not applied any new standard or interpretation that is not yet effective for the current accounting period.

2 SIGNIFICANT ACCOUNTING POLICIES (continued)

(d) Subsidiaries and non-controlling interests

Subsidiaries are entities controlled by the Group. The Group controls an entity when it is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. When assessing whether the Group has power, only substantive rights (held by the Group and other parties) are considered.

An investment in a subsidiary is consolidated into the consolidated financial statements from the date that control commences until the date that control ceases. Intra-group balances, transactions and cash flows and any unrealised profits arising from intra-group transactions are eliminated in full in preparing the consolidated financial statements. Unrealised losses resulting from intra-group transactions are eliminated in the same way as unrealised gains but only to the extent that there is no evidence of impairment.

Non-controlling interests represent the equity in a subsidiary not attributable directly or indirectly to the Company, and in respect of which the Group has not agreed any additional terms with the holders of those interests which would result in the Group as a whole having a contractual obligation in respect of those interests that meets the definition of a financial liability. For each business combination, the Group can elect to measure any non-controlling interests either at fair value or at the non-controlling interests' proportionate share of the subsidiary's net identifiable assets.

Non-controlling interests are presented in the consolidated statement of financial position within equity, separately from equity attributable to the equity shareholders of the Company. Non-controlling interests in the results of the Group are presented on the face of the consolidated income statement and the consolidated statement of comprehensive income as an allocation of the total profit or loss and total comprehensive income for the year between non-controlling interests and the equity shareholders of the Company. Loans from holders of non-controlling interests and other contractual obligations towards these holders are presented as financial liabilities in the consolidated statement of financial position in accordance with notes 2(o), (p) or (q) depending on the nature of the liability.

Changes in the Group's interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions, whereby adjustments are made to the amounts of controlling and non-controlling interests within consolidated equity to reflect the change in relative interests, but no adjustments are made to goodwill and no gain or loss is recognised.

2 SIGNIFICANT ACCOUNTING POLICIES (continued)

(d) Subsidiaries and non-controlling interests (continued)

When the Group loses control of a subsidiary, it is accounted for as a disposal of the entire interest in that subsidiary, with a resulting gain or loss being recognised in profit or loss. Any interest retained in that former subsidiary at the date when control is lost is recognised at fair value and this amount is regarded as the fair value on initial recognition of a financial asset (note 2(g)) or, when appropriate, the cost on initial recognition of an investment in an associate or a joint venture (note 2(e)).

In the Company's statement of financial position, investments in subsidiaries are stated at cost less impairment losses (note 2(l)(ii)).

(e) Associates and joint ventures

An associate is an entity in which the Group has significant influence, but not control or joint control, over its management, including participation in the financial and operating policy decisions.

A joint venture is an arrangement whereby the Group and other parties contractually agree to share control of the arrangement, and have rights to the net assets of the arrangement.

An investment in an associate or a joint venture is accounted for in the consolidated financial statements under the equity method. Under the equity method, the investment is initially recorded at cost, adjusted for any excess of the Group's share of the acquisition-date fair values of the investee's identifiable net assets over the cost of the investment (if any). Thereafter, the investment is adjusted for the post acquisition change in the Group's share of the investee's net assets and any impairment loss relating to the investment (notes 2(f) and 2(l)). Any acquisition-date excess over cost, the Group's share of the post-acquisition, post-tax results of the investees and any impairment losses for the year are recognised in the consolidated income statement, whereas the Group's share of the post-acquisition post-tax items of the investees' other comprehensive income is recognised in the consolidated statement of comprehensive income.

When the Group's share of losses exceeds its interest in the associate or the joint venture, the Group's interest is reduced to nil and recognition of further losses is discontinued except to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the investee. For this purpose, the Group's interest is the carrying amount of the investment under the equity method together with the Group's long-term interests that in substance form part of the Group's net investment in the associate or the joint venture.

2 SIGNIFICANT ACCOUNTING POLICIES (continued)

(e) Associates and joint ventures (continued)

Unrealised profits and losses resulting from transactions between the Group and its associates and joint venture are eliminated to the extent of the Group's interest in the investee, except where unrealised losses provide evidence of an impairment of the asset transferred, in which case they are recognised immediately in profit or loss.

If an investment in an associate becomes an investment in a joint venture or vice versa, retained interest is not remeasured. Instead, the investment continues to be accounted for under the equity method.

In all other cases, when the Group ceases to have significant influence over an associate or joint control over a joint venture, it is accounted for as a disposal of the entire interest in that investee, with a resulting gain or loss being recognised in profit or loss. Any interest retained in that former investee at the date when significant influence or joint control is lost is recognised at fair value and this amount is regarded as the fair value on initial recognition of a financial asset (note 2(g)).

(f) Goodwill

Goodwill represents the excess of

(i) the aggregate of the fair value of the consideration transferred, the amount of any non-controlling interest in the acquiree and the fair value of the Group's previously held equity interest in the acquiree; over

(ii) the net fair value of the acquiree's identifiable assets and liabilities measured as at the acquisition date.

When (ii) is greater than (i), then this excess is recognised immediately in profit or loss as a gain on a bargain purchase.

Goodwill is stated at cost less accumulated impairment losses. Goodwill arising on a business combination is allocated to each cash-generating unit, or groups of cash-generating units, that is expected to benefit from the synergies of the combination and is tested annually for impairment (note 2(l)).

On disposal of a cash-generating unit during the year, any attributable amount of purchased goodwill is included in the calculation of the profit or loss on disposal.

2 SIGNIFICANT ACCOUNTING POLICIES (continued)

(g) Other investments in debt and equity securities

The Group's and the Company's policies for investments in debt and equity securities, other than investments in subsidiaries, associates and joint ventures, are as follows:

Investments in debt and equity securities are initially stated at fair value, which is their transaction price unless it is determined that the fair value at initial recognition differs from the transaction price and that fair value is evidenced by a quoted price in an active market for an identical asset or liability or based on a valuation technique that uses only data from observable markets. Cost includes attributable transaction costs, except where indicated otherwise below. These investments are subsequently accounted for as follows, depending on their classification:

Investments in securities held for trading are classified as current assets. Any attributable transaction costs are recognised in profit or loss as incurred. At the end of each reporting period the fair value is remeasured, with any resultant gain or loss being recognised in profit or loss. The net gain or loss recognised in profit or loss does not include any dividends or interest earned on these investments as these are recognised in accordance with the policies set out in notes 2(v)(iv) and 2(v)(v).

Investments in securities which do not fall into any of the above categories are classified as available-for-sale securities. At the end of each reporting period the fair value is remeasured, with any resultant gain or loss being recognised in other comprehensive income and accumulated separately in equity in the fair value reserve. As an exception to this, investments in equity securities that do not have a quoted price in an active market for an identical instrument and whose fair value cannot otherwise be reliably measured are recognised in the consolidated statement of financial position at cost less impairment losses (note 2(l)). Dividend income from equity securities and interest income from debt securities calculated using the effective interest method are recognised in profit or loss in accordance with the policies set out in notes 2(v)(iv) and 2(v)(v), respectively. Foreign exchange gains and losses resulting from changes in the amortised cost of debt securities are also recognised in profit or loss.

When the investments are derecognised or impaired (note 2(l)), the cumulative gain or loss recognised in equity is reclassified to profit or loss. Investments are recognised/derecognised on the date the Group commits to purchase/sell the investments or they expire.

2 SIGNIFICANT ACCOUNTING POLICIES (continued)

(h) Derivative financial instruments

Derivative financial instruments are recognised initially at fair value. At the end of each reporting period the fair value is remeasured. The gain or loss on remeasurement to fair value is recognised immediately in profit or loss.

(i) Property, plant and equipment

Property, plant and equipment is stated at cost less accumulated depreciation and impairment losses (note 2(l)).

The cost of self-constructed items of property, plant and equipment includes the cost of materials, direct labour, the initial estimate, where relevant, of the costs of dismantling and removing the items and restoring the site on which they are located, and an appropriate proportion of production overheads and borrowing costs (note 2(x)).

Gains or losses arising from the retirement or disposal of an item of property, plant and equipment are determined as the difference between the net disposal proceeds and the carrying amount of the item and are recognised in profit or loss on the date of retirement or disposal.

Depreciation is calculated to write off the cost of items of property, plant and equipment using the straight-line method over their estimated useful lives as follows:

–	Buildings held for own use	10 – 44 years
–	Leasehold improvements	Shorter of the estimated useful lives and unexpired terms of the leases
–	Machinery	5 – 10 years
–	Motor vehicles	5 years
–	Furniture, fixtures and equipment	3 – 5 years

No depreciation is provided for construction in progress.

Where parts of an item of property, plant and equipment have different useful lives, the cost of the item is allocated on a reasonable basis between the parts and each part is depreciated separately. The useful life of an asset is reviewed annually.

2 SIGNIFICANT ACCOUNTING POLICIES (continued)

(j) Intangible assets (other than goodwill)

Expenditure on research activities is recognised as an expense in the period in which it is incurred. Expenditure on development activities is capitalised if the product or process is technically and commercially feasible and the Group has sufficient resources and the intention to complete development. The expenditure capitalised includes the costs of materials, direct labour and an appropriate proportion of overheads and borrowing costs, where applicable (note 2(x)). Capitalised development costs are stated at cost less accumulated amortisation and impairment losses (note 2(l)). Other development expenditure is recognised as an expense in the period in which it is incurred.

Other intangible assets that are acquired by the Group are stated at cost less accumulated amortisation (where the estimated useful life is finite) and impairment losses (note 2(l)). Expenditure on internally generated goodwill and brands is recognised as an expense in the period in which it is incurred.

Amortisation of intangible assets with finite useful lives is charged to profit or loss on a straight-line basis over the assets' estimated useful lives. The following intangible assets with finite useful lives are amortised from the date they are available for use and their estimated useful lives are as follows:

– Operating rights of cord blood banks 30 years

Both the period and method of amortisation are reviewed annually.

(k) Leased assets

An arrangement, comprising a transaction or a series of transactions, is or contains a lease if the Group determines that the arrangement conveys a right to use a specific asset or assets for an agreed period of time in return for a payment or a series of payments. Such a determination is made based on an evaluation of the substance of the arrangement and is regardless of whether the arrangement takes the legal form of a lease.

(i) Classification of assets leased to the Group

Assets that are held by the Group under leases which transfer to the Group substantially all the risks and rewards of ownership are classified as being held under finance leases. Leases which do not transfer substantially all the risks and rewards of ownership to the Group are classified as operating leases.

2 SIGNIFICANT ACCOUNTING POLICIES (continued)

(k) Leased assets (continued)

(ii) Assets acquired under finance leases

Where the Group acquires the use of assets under finance leases, the amounts representing the fair value of the leased assets, or, if lower, the present value of the minimum lease payments, of such assets are recognised as property, plant and equipment and the corresponding liabilities, net of finance charges, are recorded as obligations under finance leases. Depreciation is provided at rates which write off the cost of the assets over the term of the relevant lease or, where it is likely the Group will obtain ownership of the assets, the lives of the assets, as set out in note 2(i). Impairment losses are accounted for in accordance with the accounting policy as set out in note 2(l). Finance charges implicit in the lease payments are charged to profit or loss over the period of the leases so as to produce an approximately constant periodic rate of charge on the remaining balance of the obligations for each accounting period. Contingent rentals are charged to profit or loss in the accounting period in which they are incurred.

(iii) Operating lease charges

Where the Group has the use of assets held under operating leases, payments made under the leases are charged to profit or loss in equal instalments over the accounting periods covered by the lease term, except where an alternative basis is more representative of the pattern of benefits to be derived from the leased assets. Lease incentives received are recognised in profit or loss as an integral part of the aggregate net lease payments made. Contingent rentals are charged to profit or loss in the accounting period in which they are incurred.

The cost of acquiring land held under an operating lease is amortised on a straight-line basis over the period of the lease term.

2 SIGNIFICANT ACCOUNTING POLICIES (continued)

(l) Impairment of assets

(i) Impairment of investments in debt and equity securities and other receivables

Investments in debt and equity securities and other current and non-current receivables that are stated at cost or amortised cost or are classified as available-for-sale securities are reviewed at the end of each reporting period to determine whether there is objective evidence of impairment. Objective evidence of impairment includes observable data that comes to the attention of the Group about one or more of the following loss events:

- significant financial difficulty of the debtor;
- a breach of contract, such as a default or delinquency in interest or principal payments;
- it becoming probable that the debtor will enter bankruptcy or other financial reorganisation;
- significant changes in the technological, market, economic or legal environment that have an adverse effect on the debtor; and
- a significant or prolonged decline in the fair value of an investment in an equity instrument below its cost.

If any such evidence exists, any impairment loss is determined and recognised as follows:

- For investments in associates and joint ventures accounted for under the equity method in the consolidated financial statements (note 2(e)), the impairment loss is measured by comparing the recoverable amount of the investment with its carrying amount in accordance with note 2(l)(ii). The impairment loss is reversed if there has been a favourable change in the estimates used to determine the recoverable amount in accordance with note 2(l)(ii).
- For unquoted equity securities carried at cost, the impairment loss is measured as the difference between the carrying amount of the financial asset and the estimated future cash flows, discounted at the current market rate of return for a similar financial asset where the effect of discounting is material. Impairment losses for equity securities carried at cost are not reversed.

2 SIGNIFICANT ACCOUNTING POLICIES (continued)

(l) Impairment of assets (continued)

(i) Impairment of investments in debt and equity securities and other receivables (continued)

– For trade and other receivables and other financial assets carried at amortised cost, the impairment loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the financial asset's original effective interest rate (i.e. the effective interest rate computed at initial recognition of these assets), where the effect of discounting is material. This assessment is made collectively where these financial assets share similar risk characteristics, such as similar past due status, and have not been individually assessed as impaired. Future cash flows for financial assets which are assessed for impairment collectively are based on historical loss experience for assets with credit risk characteristics similar to the collective group.

  If in a subsequent period the amount of an impairment loss decreases and the decrease can be linked objectively to an event occurring after the impairment loss was recognised, the impairment loss is reversed through profit or loss. A reversal of an impairment loss shall not result in the asset's carrying amount exceeding that which would have been determined had no impairment loss been recognised in prior years.

– For available-for-sale securities, the cumulative loss that has been recognised in the fair value reserve is reclassified to profit or loss. The amount of the cumulative loss that is recognised in profit or loss is the difference between the acquisition cost (net of any principal repayment and amortisation) and current fair value, less any impairment loss on that asset previously recognised in profit or loss.

  Impairment losses recognised in profit or loss in respect of available-for-sale equity securities are not reversed through profit or loss. Any subsequent increase in the fair value of such assets is recognised in other comprehensive income.

  Impairment losses in respect of available-for-sale debt securities are reversed if the subsequent increase in fair value can be objectively related to an event occurring after the impairment loss was recognised. Reversals of impairment losses in such circumstances are recognised in profit or loss.

2 SIGNIFICANT ACCOUNTING POLICIES (continued)

(l) Impairment of assets (continued)

(i) Impairment of investments in debt and equity securities and other receivables (continued)

Impairment losses are written off against the corresponding assets directly, except for impairment losses recognised in respect of trade and other receivables, whose recovery is considered doubtful but not remote. In this case, the impairment losses for doubtful debts are recorded using an allowance account. When the Group is satisfied that recovery is remote, the amount considered irrecoverable is written off against trade and other receivables directly and any amounts held in the allowance account relating to that debt are reversed. Subsequent recoveries of amounts previously charged to the allowance account are reversed against the allowance account. Other changes in the allowance account and subsequent recoveries of amounts previously written off directly are recognised in profit or loss.

(ii) Impairment of other assets

Internal and external sources of information are reviewed at the end of each reporting period to identify indications that the following assets may be impaired or, except in the case of goodwill, an impairment loss previously recognised no longer exists or may have decreased:

- property, plant and equipment;
- pre-paid interests in leasehold land classified as being held under an operating lease;
- intangible assets;
- goodwill; and
- investments in subsidiaries, associates and joint ventures in the Company's statement of financial position.

2 SIGNIFICANT ACCOUNTING POLICIES (continued)

(l) Impairment of assets (continued)

(ii) Impairment of other assets (continued)

If any such indication exists, the asset's recoverable amount is estimated. In addition, for goodwill, the recoverable amount is estimated annually whether or not there is any indication of impairment.

– Calculation of recoverable amount

The recoverable amount of an asset is the greater of its fair value less costs of disposal and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. Where an asset does not generate cash inflows largely independent of those from other assets, the recoverable amount is determined for the smallest group of assets that generates cash inflows independently (i.e. a cash-generating unit).

– Recognition of impairment losses

An impairment loss is recognised in profit or loss if the carrying amount of an asset, or the cash-generating unit to which it belongs, exceeds its recoverable amount. Impairment losses recognised in respect of cash-generating units are allocated first to reduce the carrying amount of any goodwill allocated to the cash-generating unit (or group of units) and then, to reduce the carrying amount of the other assets in the unit (or group of units) on a pro-rata basis, except that the carrying value of an asset will not be reduced below its individual fair value less costs of disposal (if measurable) or value in use (if determinable).

– Reversals of impairment losses

In respect of assets other than goodwill, an impairment loss is reversed if there has been a favourable change in the estimates used to determine the recoverable amount. An impairment loss in respect of goodwill is not reversed.

A reversal of an impairment loss is limited to the asset's carrying amount that would have been determined had no impairment loss been recognised in prior years. Reversals of impairment losses are credited to profit or loss in the year in which the reversals are recognised.

2 SIGNIFICANT ACCOUNTING POLICIES (continued)

(l) Impairment of assets (continued)

(iii) Interim financial reporting and impairment

Under the Listing Rules, the Group is required to prepare an interim financial report in compliance with HKAS 34 *Interim financial reporting*, in respect of the first six months of the financial year. At the end of the interim period, the Group applies the same impairment testing, recognition and reversal criteria as it would at the end of the financial year (notes 2(l)(i) and 2(l)(ii)).

Impairment losses recognised in an interim period in respect of goodwill, available-for-sale securities and unquoted equity securities carried at cost are not reversed in a subsequent period. This is the case even if no loss, or a smaller loss, would have been recognised had the impairment been assessed only at the end of the financial year to which the interim period relates. Consequently, if the fair value of an available-for-sale equity security increases in the remainder of the annual period, or in any other period subsequently, the increase is recognised in other comprehensive income and not profit or loss.

(m) Inventories

Inventories are carried at the lower of cost and net realisable value.

Cost is calculated using the weighted average cost formula and comprises all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition. Inventories that are not expected to be realised within 12 months from the reporting date are classified as non-current assets.

Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

When inventories are sold, the carrying amount of those inventories is recognised as an expense in the period in which the related revenue is recognised. The amount of any write-down of inventories to net realisable value and all losses of inventories are recognised as an expense in the period the write-down or loss occurs. The amount of any reversal of any write-down of inventories is recognised as a reduction in the amount of inventories recognised as an expense in the period in which the reversal occurs.

2 SIGNIFICANT ACCOUNTING POLICIES (continued)

(n) Trade and other receivables

Trade and other receivables are initially recognised at fair value and thereafter stated at amortised cost using the effective interest method, less allowance for impairment of doubtful debts (note 2(l)), except where the receivables are interest-free loans made to related parties without any fixed repayment terms or the effect of discounting would be immaterial. In such cases, the receivables are stated at cost less allowance for impairment of doubtful debts. Instalments receivables which are due for repayment in over one year under deferred payment options are classified as non-current trade receivables.

(o) Convertible notes issued by the Group

Convertible notes issued by the Group have been designated as fair value through profit or loss. At initial recognition, the instruments are measured at fair value. Transaction costs that relate to the issue of the instruments are recognised immediately in profit or loss. The instruments are subsequently remeasured at fair value, with any gain or loss on remeasurement to fair value recognised in profit or loss. When a holder of the instruments exercises the right to convert the instruments into ordinary shares, the fair value of the related instruments is transferred to share capital and share premium as consideration for the shares issued. When the instruments are redeemed by the Group, any difference between the amount paid and the carrying amount of the instruments is recognised in profit or loss.

(p) Interest-bearing borrowings

Interest-bearing borrowings are recognised initially at fair value less attributable transaction costs. Subsequent to initial recognition, interest-bearing borrowings are stated at amortised cost with any difference between the amount initially recognised and redemption value being recognised in profit or loss over the period of the borrowings, together with any interest and fees payable, using the effective interest method.

(q) Trade and other payables

Trade and other payables are initially recognised at fair value. Trade and other payables are subsequently stated at amortised cost unless the effect of discounting would be immaterial, in which case they are stated at cost.

(r) Cash and cash equivalents

Cash and cash equivalents comprise cash at bank and on hand, demand deposits with banks and other financial institutions, and short-term, highly liquid investments that are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value, having been within three months of maturity at acquisition. Bank overdrafts that are repayable on demand and form an integral part of the Group’s cash management are also included as a component of cash and cash equivalents for the purpose of the consolidated cash flow statement.

2 SIGNIFICANT ACCOUNTING POLICIES (continued)

(s) Employee benefits

(i) Short term employee benefits and contributions to defined contribution retirement plans

Salaries, annual bonuses, paid annual leave, contributions to defined contribution retirement plans and the cost of non-monetary benefits are accrued in the year in which the associated services are rendered by employees. Where payment or settlement is deferred and the effect would be material, these amounts are stated at their present values.

(ii) Share-based payments

The fair value of share options and restricted share units granted to employees is recognised as an employee cost with a corresponding increase in a capital reserve within equity. The fair value is measured at grant date, taking into account the terms and conditions upon which the share options and restricted share units were granted. Where the employees have to meet vesting conditions before becoming unconditionally entitled to the share options and restricted share units, the total estimated fair value of the share options and restricted share units is spread over the vesting period, taking into account the probability that the share options and restricted share units will vest.

During the vesting period, the number of share options and restricted share units that is expected to vest is reviewed. Any resulting adjustment to the cumulative fair value recognised in prior years is charged/credited to the profit or loss for the year of the review, unless the original employee expenses qualify for recognition as an asset, with a corresponding adjustment to the capital reserve. On vesting date, the amount recognised as an expense is adjusted to reflect the actual number of share options and restricted share units that vest (with a corresponding adjustment to the capital reserve) except where forfeiture is only due to not achieving vesting conditions that relate to the market price of the Company's shares. The equity amount is recognised in the capital reserve until either the share option or restricted share unit is exercised (when it is included in the amount recognised in share capital for the shares issued) or the share option or restricted share unit expires or is forfeited or cancelled (when it is released directly to retained profits) after the end of vesting period.

(iii) Termination benefits

Termination benefits are recognised at the earlier of when the Group can no longer withdraw the offer of those benefits and when it recognises restructuring costs involving the payment of termination benefits.

2 SIGNIFICANT ACCOUNTING POLICIES (continued)

(t) Income tax

Income tax for the year comprises current tax and movements in deferred tax assets and liabilities. Current tax and movements in deferred tax assets and liabilities are recognised in profit or loss except to the extent that they relate to items recognised in other comprehensive income or directly in equity, in which case the relevant amounts of tax are recognised in other comprehensive income or directly in equity, respectively.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the end of the reporting period, and any adjustments to tax payable in respect of previous years.

Deferred tax assets and liabilities arise from deductible and taxable temporary differences respectively, being the differences between the carrying amounts of assets and liabilities for financial reporting purposes and their tax bases. Deferred tax assets also arise from unused tax losses and unused tax credits.

Apart from certain limited exceptions, all deferred tax liabilities and all deferred tax assets to the extent that it is probable that future taxable profits will be available against which the assets can be utilised, are recognised. Future taxable profits that may support the recognition of deferred tax assets arising from deductible temporary differences include those that will arise from the reversal of existing taxable temporary differences, provided those differences relate to the same taxation authority and the same taxable entity, and are expected to reverse either in the same period as the expected reversal of the deductible temporary difference or in periods into which a tax loss arising from the deferred tax assets can be carried back or forward. The same criteria are adopted when determining whether existing taxable temporary differences support the recognition of deferred tax assets arising from unused tax losses and credits, that is, those differences are taken into account if they relate to the same taxation authority and the same taxable entity, and are expected to reverse in a period, or periods, in which the tax loss or credit can be utilised.

The limited exceptions to recognition of deferred tax assets and liabilities are those temporary differences arising from goodwill not deductible for tax purposes, the initial recognition of assets or liabilities that affect neither accounting nor taxable profit (provided they are not part of a business combination), and temporary differences relating to investments in subsidiaries to the extent that, in the case of taxable differences, the Group controls the timing of the reversal and it is probable that the differences will not reverse in the foreseeable future, or in the case of deductible differences, unless it is probable that they will reverse in the future.

The amount of deferred tax recognised is measured based on the expected manner of realisation or settlement of the carrying amount of the assets and liabilities, using tax rates enacted or substantively enacted at the end of the reporting period. Deferred tax assets and liabilities are not discounted.

2 SIGNIFICANT ACCOUNTING POLICIES (continued)

(t) Income tax (continued)

The carrying amount of a deferred tax asset is reviewed at the end of each reporting period and is reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow the related tax benefit to be utilised. Any such reduction is reversed to the extent that it becomes probable that sufficient taxable profits will be available.

Additional income taxes that arise from the distribution of dividends are recognised when the liability to pay the related dividends is recognised.

Current tax balances and deferred tax balances, and movements therein, are presented separately from each other and are not offset. Current tax assets are offset against current tax liabilities, and deferred tax assets against deferred tax liabilities, if the Company or the Group has the legally enforceable right to set off current tax assets against current tax liabilities and the following additional conditions are met:

– in the case of current tax assets and liabilities, the Company or the Group intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously; or

– in the case of deferred tax assets and liabilities, if they relate to income taxes levied by the same taxation authority on either:

  – the same taxable entity; or

  – different taxable entities, which, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered, intend to realise the current tax assets and settle the current tax liabilities on a net basis or realise and settle simultaneously.

(u) Provisions and contingent liabilities

Provisions are recognised for other liabilities of uncertain timing or amount when the Group or the Company has a legal or constructive obligation arising as a result of a past event, it is probable that an outflow of economic benefits will be required to settle the obligation and a reliable estimate can be made. Where the time value of money is material, provisions are stated at the present value of the expenditure expected to settle the obligation.

Where it is not probable that an outflow of economic benefits will be required, or the amount cannot be estimated reliably, the obligation is disclosed as a contingent liability, unless the probability of outflow of economic benefits is remote. Possible obligations, whose existence will only be confirmed by the occurrence or non-occurrence of one or more future events are also disclosed as contingent liabilities unless the probability of outflow of economic benefits is remote.

2 SIGNIFICANT ACCOUNTING POLICIES (continued)

(v) Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable. Provided it is probable that the economic benefits will flow to the Group and the revenue and costs, if applicable, can be measured reliably, revenue is recognised in profit or loss as follows:

(i) Sale of goods

Revenue is recognised when goods are delivered at the customers' premises which is taken to be the point in time when the customer has accepted the goods and the related risks and rewards of ownership. Revenue excludes value-added tax ("VAT") or other sales taxes and is after deduction of any trade discounts.

(ii) Service income

Revenue is recognised when the related services are rendered and when it is probable that the economic benefits from the services rendered will flow to the Group and such benefit could be reliably measured. Service income received in advance is recognised as deferred income in the consolidated statement of financial position and recognised as income on a straight-line basis over the service periods.

(iii) Government grants

Government grants are recognised in the consolidated statement of financial position initially when there is reasonable assurance that they will be received and that the Group will comply with the conditions attaching to them. Grants that compensate the Group for expenses incurred are recognised as income in profit or loss on a systematic basis in the same periods in which the expenses are incurred. Grants that compensate the Group for the cost of an asset are deducted from the carrying amount of the asset and consequently are effectively recognised in profit or loss over the useful life of the asset by way of reduced depreciation expense.

(iv) Dividends

- Dividend income from unlisted investments is recognised when the shareholder's right to receive payment is established.

- Dividend income from listed investments is recognised when the share price of the investment goes ex-dividend.

(v) Interest income

Interest income is recognised as it accrues using the effective interest method.

2 SIGNIFICANT ACCOUNTING POLICIES (continued)

(w) Translation of foreign currencies

Foreign currency transactions during the year are translated at the foreign exchange rates ruling at the transaction dates. Monetary assets and liabilities denominated in foreign currencies are translated at the foreign exchange rates ruling at the end of the reporting period. Exchange gains and losses are recognised in profit or loss.

Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated using the foreign exchange rates ruling at the transaction dates. Non-monetary assets and liabilities denominated in foreign currencies that are stated at fair value are translated using the foreign exchange rates ruling at the dates the fair value was measured.

The results of operations outside Hong Kong are translated into Hong Kong dollars at the exchange rates approximating the foreign exchange rates ruling at the dates of the transactions. Consolidated statement of financial position items, including goodwill arising on consolidation of foreign operations acquired on or after 1 January 2005, are translated into Hong Kong dollars at the closing foreign exchange rates at the end of the reporting period. The resulting exchange differences are recognised in other comprehensive income and accumulated separately in equity in the exchange reserve. Goodwill arising on consolidation of foreign operations acquired before 1 April 2005 is translated at the foreign exchange rate that applied at the date of acquisition of the foreign operation.

On disposal of an operation outside Hong Kong, the cumulative amount of the exchange differences relating to that operation outside Hong Kong is reclassified from equity to profit or loss when the profit or loss on disposal is recognised.

(x) Borrowing costs

Borrowing costs that are directly attributable to the acquisition, construction or production of an asset which necessarily takes a substantial period of time to get ready for its intended use or sale are capitalised as part of the cost of that asset. Other borrowing costs are expensed in the period in which they are incurred.

The capitalisation of borrowing costs as part of the cost of a qualifying asset commences when expenditure for the asset is being incurred, borrowing costs are being incurred and activities that are necessary to prepare the asset for its intended use or sale are in progress. Capitalisation of borrowing costs is suspended or ceases when substantially all the activities necessary to prepare the qualifying asset for its intended use or sale are interrupted or complete.

2 SIGNIFICANT ACCOUNTING POLICIES (continued)

(y) Non-current assets held for sale and discontinuing operation

(i) *Non-current assets held for sale*

A non-current asset (or disposal group) is classified as held for sale if it is highly probable that its carrying amount will be recovered through a sale transaction rather than through continuing use and the asset (or disposal group) is available for sale in its present condition. A disposal group is a group of assets to be disposed of together as a group in a single transaction, and liabilities directly associated with those assets that will be transferred in the transaction.

When the Group is committed to a sale plan involving loss of control of a subsidiary or loss of significant influence over a joint venture or an associate, all the assets and liabilities of that subsidiary or associated with that joint venture or the associate are classified as held for sale when the above criteria for classification as held for sale are met, regardless of whether the Group will retain a non-controlling interest in the subsidiary, joint venture or associate after the sale.

Immediately before classification as held for sale, the measurement of the non-current assets (and all individual assets and liabilities in a disposal group) is brought up-to-date in accordance with the accounting policies before the classification. Then, on initial classification as held for sale and until disposal, the non-current assets (except for certain assets as explained below), or disposal groups, are recognised at the lower of their carrying amount and fair value less costs to sell. The principal exceptions to this measurement policy so far as the financial statements of the Group are concerned are deferred tax assets, assets arising from employee benefits, financial assets (other than investments in subsidiaries, associates and joint ventures) and investment properties. These assets, even if held for sale, would continue to be measured in accordance with the policies set out elsewhere in note 2.

Impairment losses on initial classification as held for sale, and on subsequent remeasurement while held for sale, are recognised in profit or loss. As long as a non-current asset is classified as held for sale, or is included in a disposal group that is classified as held for sale, the non-current asset is not depreciated or amortised.

2 SIGNIFICANT ACCOUNTING POLICIES (continued)

(y) Non-current assets held for sale and discontinuing operation (continued)

(ii) Discontinuing operation

A discontinuing operation is a component of the Group's business, the operations and cash flows of which can be clearly distinguished from the rest of the Group and which represents a separate major line of business or geographical area of operations, or is part of a single coordinated plan to dispose of a separate major line of business or geographical area of operations, or is a subsidiary acquired exclusively with a view to resale.

Classification as a discontinuing operation occurs upon disposal or when the operation meets the criteria to be classified as held for sale ((i) above), if earlier. It also occurs if the operation is abandoned.

Where an operation is classified as discontinuing, a single amount is presented on the face of the consolidated income statement, which comprises:

– the post-tax profit or loss of the discontinuing operation; and

– the post-tax gain or loss recognised on the measurement to fair value less costs to sell, or on the disposal, of the assets or disposal group(s) constituting the discontinuing operation.

(z) Related parties

(a) A person, or a close member of that person's family, is related to the Group if that person:

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

(ii) has significant influence over the Group; or

(iii) is a member of the key management personnel of the Group or the Group's parent.

2 SIGNIFICANT ACCOUNTING POLICIES (continued)

(z) Related parties (continued)

(b) An entity is related to the Group if any of the following conditions applies:

(i) The entity and the Group are members of the same Group (which means that each parent, subsidiary and fellow subsidiary is related to the others);

(ii) One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a Group of which the other entity is a member);

(iii) Both entities are joint ventures of the same third party;

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

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

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

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

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

Close members of the family of a person are those family members who may be expected to influence, or be influenced by, that person in their dealings with the entity.

(aa) Segment reporting

Operating segments, and the amounts of each segment item reported in the financial statements, are identified from the financial information provided regularly to the Group's most senior executive management for the purposes of allocating resources to, and assessing the performance of, the Group's various lines of business and geographical locations.

Individually material operating segments are not aggregated for financial reporting purposes unless the segments have similar economic characteristics and are similar in respect of the nature of products and services, the nature of production processes, the type or class of customers, the methods used to distribute the products or provide the services, and the nature of the regulatory environment. Operating segments which are not individually material may be aggregated if they share a majority of these criteria.

3 ACCOUNTING ESTIMATES AND JUDGEMENTS

Notes 14, 34 and 35(f) contain information about the assumptions and their risk factors relating to goodwill impairment, fair value of share options and restricted share units granted and financial instruments. Other key sources of estimation uncertainty are as follows:

(a) Classification of assets and liabilities as disposal group held for sale and discounting operation

During the years ended 31 March 2016 and 2017, the Group entered into conditional sale and purchase agreements to dispose 65.4% ordinary shares of China Cord Blood Corporation ("CCBC") (the "Target CCBC Shares"), assuming all convertible notes issued by CCBC held by the Group has been converted into ordinary shares in full. As at the date of this annual report, the proposed disposal has yet to be completed. Further details of the proposed disposals of the Target CCBC Shares are set out in note 32(c).

The Group follows the guidance of HKFRS 5 to classify the assets and liabilities of CCBC and CCBC's operation as disposal group held for sale and discontinuing operation. This determination requires significant judgement. In making this judgement, the Group considers that (i) the assets (or disposal group) are available for immediate sale in its present condition and the sale is highly probable; (ii) the disposal would be completed within twelve months after the end of the reporting period; and (iii) the carrying amount would be recovered principally through a sale transaction rather than through continuing use.

If any of the circumstance mentioned above about classification as disposal group held for sale or discontinued operation is no longer satisfied, the assets and liabilities of CCBC and CCBC's operation shall be derecognised as assets and liabilities of disposal group held for sale and discontinuing operations. The depreciation of property, plant and equipment and amortisation of intangible assets shall be resumed upon the date of reclassification to continuing operation.

Detailed information is disclosed in note 33.

(b) Impairment of assets

Internal and external sources of information are reviewed by the Group at the end of each reporting period to assess whether there is any indication that an asset may be impaired. If any such indication exists, the recoverable amount of the asset or the cash-generating unit to which it belongs is estimated to determine impairment losses on the asset. Changes in facts and circumstances may result in revisions to the conclusion of whether an indication of impairment exists and revised estimates of recoverable amount, which would affect profit or loss in future years.

Goodwill is tested for impairment at least annually even if there is no indication of impairment.

3 ACCOUNTING ESTIMATES AND JUDGEMENTS (continued)

(c) Fair values of financial instruments

If the market for a financial instrument is not active, the Group establishes fair value by using a valuation technique. Valuation techniques include using recent arm's length market transactions between knowledgeable and willing parties, if available, reference to the current fair value of another instrument that is substantially the same, discounted cash flow analysis and option pricing models. To the extent practicable, valuation technique makes maximum use of market inputs. However, where market inputs are not available, management needs to make estimates on such unobservable market inputs.

(d) Impairment loss on trade and other receivables

Impairment losses on trade and other receivables are assessed and provided based on management's regular review of ageing analysis and evaluation of collectability to determine whether there is objective evidence of impairment. If any such evidence exists, an impairment loss is recognised. Objective evidence of impairment includes observable data that comes to the attention of the Group about loss events such as a significant decline in the estimated future cash flow of an individual debtor or the portfolio of debtors, and significant changes in the financial condition that have an adverse effect on the debtor. If there is objective evidence of a recovery in the value of receivables which can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed.

(e) Depreciation and amortisation

Property, plant and equipment and intangible assets are depreciated/amortised on a straight-line basis over the estimated useful lives of the assets. The Group reviews the estimated useful lives and residual values of the assets annually in order to determine the amount of depreciation/amortisation expense to be recorded during any reporting period. The useful lives and residual values are based on the Group's technological experience with similar assets and taking into account anticipated technological changes. The depreciation/amortisation expense for future periods is adjusted if there are material changes from previous estimates.

(f) Recognition of deferred tax assets

The Group has recognised deferred tax assets which arose from deductible temporary differences as set out in note 28(b). The realisability of the deferred tax assets mainly depends on whether it is probable that future taxable profits or taxable temporary differences will be available against which the assets can be utilised. In cases where the actual future taxable profits or taxable temporary differences generated are less than expected, a reversal of deferred tax assets may arise, which will be recognised in profit or loss for the period in which such a reversal takes place.

4 REVENUE AND SEGMENT REPORTING

(a) Revenue

The Company acts as an investment holding company and the Group is principally engaged in four main operating segments from continuing operations, including (i) the manufacture and sale of medical devices and related medical accessories; (ii) the provision of hospital management service and hospital operation; (iii) the provision of medical insurance administration service; and (iv) the research and development, manufacture and sale of Chinese herbal medicines; and one operating segment from discontinuing operation – the provision of cord blood storage service.

Revenue represents the sales value of goods supplied to customers, income from hospital management service and hospital operation, income from medical insurance administration service and income from cord blood storage service, a discontinuing operation, less applicable VAT. The amount of each significant category of revenue is as follows:

	2017	2016
	$'000	$'000
Continuing operations		
Sale of medical devices and medical accessories	**160,663**	210,670
Hospital management service and hospital operation income	**60,456**	59,688
Medical insurance administration service income	**4,693**	5,932
Sale of Chinese herbal medicines	**4,854**	5,268
	230,666	281,558
Discontinuing operation (note 33)		
Cord blood storage service income	**876,201**	812,944
	1,106,867	1,094,502

For the years ended 31 March 2017 and 2016, no customer with whom transactions have exceeded 10% of the Group's revenue. Details of concentrations of credit risk arising from the Group's largest customers are set out in note 35(a).

Further details regarding the Group's principal activities are disclosed below.

4 REVENUE AND SEGMENT REPORTING (continued)

(b) Segment reporting

The Group manages its business by divisions, which are organised by business lines (products and services). In a manner consistent with the way in which information is reported internally to the Group's most senior executive management for the purposes of resources allocation and performance assessment, the Group has presented the following five reportable segments. No operating segments have been aggregated to form the following reportable segments.

- Medical devices segment: the development, manufacture and sale of medical devices, including medical devices and medical accessories.
- Hospital management segment: the provision of hospital management service and hospital operation in the PRC.
- Medical insurance administration segment: the provision of medical insurance administration service in the PRC.
- Chinese herbal medicines segment: the research and development, manufacture and sale of Chinese herbal medicines.
- Cord blood storage segment, a discontinuing operation: the provision of cord blood stem cell examination, processing, separation and storage service and other related services.

4 REVENUE AND SEGMENT REPORTING (continued)

(b) Segment reporting (continued)

(i) Segment results, assets and liabilities

For the purposes of assessing segment performance and allocating resources between segments, the Group's most senior executive management monitors the results, assets and liabilities attributable to each reportable segment on the following basis:

Segment assets include all tangible and intangible assets and current assets with the exception of deferred tax assets, available-for-sale securities, trading securities and inter-company receivables. Segment liabilities include trade payables, accruals, interest-bearing borrowings of the PRC subsidiaries, deferred income and other payables attributable to the operating activities of the individual segments with the exception of interest-bearing borrowings of the Company and subsidiaries outside the PRC, deferred tax liabilities and inter-company payables.

Revenue and expenses are allocated to the reportable segments with reference to revenue generated by those segments and the expenses incurred by those segments or which otherwise arise from the depreciation or amortisation of assets attributable to those segments.

Reporting segment profit/(loss) includes profit/(loss) from operations and impairment losses on non-current assets.

Information regarding the Group's reportable segments as provided to the Group's most senior executive management for the purposes of resources allocation and assessment of segment performance for the years ended 31 March 2017 and 2016 is set out below:

	Continuing operations								Discontinuing operation			
	Medical devices		Hospital management		Medical insurance administration		Chinese herbal medicines		Cord blood storage		Total	
	2017 $'000	2016 $'000	**2017 $'000**	2016 $'000	**2017 $'000**	2016 $'000	**2017 $'000**	2016 $'000	**2017 $'000**	2016 $'000	**2017 $'000**	2016 $'000
Revenue from external customers	**124,183**	168,707	**60,456**	59,688	**4,693**	5,932	**4,854**	5,268	**876,201**	812,944	**1,070,387**	1,052,539
Inter-segment revenue	**36,480**	41,963	**—**	—	**—**	—	**—**	—	**—**	—	**36,480**	41,963
Reportable segment revenue	**160,663**	210,670	**60,456**	59,688	**4,693**	5,932	**4,854**	5,268	**876,201**	812,944	**1,106,867**	1,094,502
Reportable segment profit/(loss)	**34,956**	52,473	**(441,865)**	(137,910)	**(31,834)**	(37,359)	**(23,345)**	(16,046)	**340,731**	316,821	**(121,357)**	177,979
Reportable segment profit/(loss) is arrived at after charging/(crediting):												
Depreciation and amortisation charges	**7,838**	8,440	**69,577**	60,535	**9,425**	10,305	**19,108**	21,139	**—**	62,940	**105,948**	163,359
(Reversal)/increase of impairment loss on trade receivables	**(86)**	95	**(356)**	894	**791**	495	**—**	—	**34,095**	24,830	**34,444**	26,314
Impairment loss on goodwill	**—**	—	**294,995**	—	**—**	—	**—**	—	**—**	—	**294,995**	—
Reportable segment assets	**235,734**	178,403	**2,326,851**	2,783,092	**65,158**	77,853	**594,745**	656,915	**5,505,070**	5,258,149	**8,727,558**	8,954,412
Additions to property, plant and equipment	**1,726**	794	**20,350**	80,778	**1,367**	2,598	**948**	473	**27,808**	20,788	**52,199**	105,431
Reportable segment liabilities	**66,706**	242,392	**159,829**	247,019	**625**	6,415	**1,842**	1,157	**2,575,407**	2,378,555	**2,804,409**	2,875,538

The Group's revenue and operating (loss)/profit derived from activities outside the PRC are immaterial. Therefore, no geographical information is provided.

4 REVENUE AND SEGMENT REPORTING (continued)

(b) Segment reporting (continued)

(ii) Reconciliations of reportable segment revenue, profit or loss, assets and liabilities:

Revenue

	Continuing operations		Discontinuing operation		Total	
	2017	2016	**2017**	2016	**2017**	2016
	$'000	$'000	**$'000**	$'000	**$'000**	$'000
Reportable segment revenue	**230,666**	281,558	**876,201**	812,944	**1,106,867**	1,094,502

Profit or loss

	Continuing operations		Discontinuing operation		Total	
	2017	2016	**2017**	2016	**2017**	2016
	$'000	$'000	**$'000**	$'000	**$'000**	$'000
Reportable segment (loss)/profit	**(462,088)**	(138,842)	**340,731**	316,821	**(121,357)**	177,979
Finance costs	**(572,119)**	(144,467)	**(1,704)**	(3,739)	**(573,823)**	(148,206)
Changes in fair value of financial instruments at fair value through profit or loss	**(13,633)**	(17,250)	**—**	(597,170)	**(13,633)**	(614,420)
Share of losses of an associate	**(200)**	—	**—**	—	**(200)**	—
Share of losses of a joint venture	**(1,331)**	—	**—**	—	**(1,331)**	—
Reversal of impairment loss on investment in Fortress Group Limited	**734,525**	—	**—**	—	**734,525**	—
Net realised and unrealised gain on trading securities	**—**	4,085	**—**	—	**—**	4,085
Impairment loss on available-for-sale securities	**(1,182)**	(2,911)	**(2,943)**	(10,474)	**(4,125)**	(13,385)
Gain on disposal of available-for-sale securities	**—**	2,815	**—**	—	**—**	2,815
Unallocated head office and corporate expenses	**(143,893)**	(130,387)	**—**	—	**(143,893)**	(130,387)
Consolidated (loss)/profit before taxation	**(459,921)**	(426,957)	**336,084**	(294,562)	**(123,837)**	(721,519)

4 REVENUE AND SEGMENT REPORTING (continued)

(b) Segment reporting (continued)

(ii) Reconciliations of reportable segment revenue, profit or loss, assets and liabilities: (continued)

Assets and liabilities

	2017 $'000	2016 $'000
Assets		
Reportable segment assets	**8,727,558**	8,954,412
Interest in an associate	**32,311**	—
Interest in a joint venture	**68,850**	—
Available-for-sale securities	**531,681**	518,843
Deferred tax assets	**41,042**	19,365
Unallocated head office and corporate assets	**1,826,895**	800,363
Consolidated total assets	**11,228,337**	10,292,983
Liabilities		
Reportable segment liabilities	**2,804,409**	2,875,538
Deferred tax liabilities	**137,233**	149,842
Financial liabilities at fair value through profit or loss	**158,088**	155,339
Interest-bearing borrowings	**2,822,725**	2,577,301
Unallocated head office and corporate liabilities	**1,275,055**	66,477
Consolidated total liabilities	**7,197,510**	5,824,497

5 OTHER INCOME

	2017 $'000	2016 $'000
Continuing operations		
Interest income from bank deposits	3,808	6,825
Interest income from other receivables (note 18)	3,973	—
Interest income from loan to a joint venture (note 17)	535	—
VAT refunds (i)	1,123	3,030
Dividend income from trading securities	—	485
Net realised and unrealised gain on trading securities	—	4,085
Net exchange loss	(241)	(1,084)
Net (loss)/gain on disposal of property, plant and equipment	(891)	19
Net gain on disposal of available-for-sale securities	—	2,815
Others	6,275	8,447
	14,582	24,622
Discontinuing operation (note 33)		
Interest income from bank deposits	11,390	11,349
Interest income from trade receivables	8,740	10,987
Dividend income from available-for-sale securities	—	60,608
Dividend income from trading securities	—	485
Net realised and unrealised losses on trading securities	—	(631)
Net exchange loss	(43)	(1,192)
Net gain on disposal of property, plant and equipment	257	106
Government grants	4,756	—
Others	1,874	(163)
	26,974	81,549
	41,556	106,171

(i) Pursuant to the relevant government policies and approval documents from the local government authorities, one of the Group's PRC subsidiaries is entitled to VAT refund which is calculated at approximately 14% (2016: 14%) of sale of software products embedded in the medical devices.

6 LOSS/(PROFIT) BEFORE TAXATION

Loss/(profit) before taxation is arrived at after charging/(crediting):

(a) Finance costs

	2017 $'000	2016 $'000
Continuing operations		
Interests on interest-bearing borrowings wholly repayable within five years	565,482	142,325
Finance charges on obligations under finance leases	1,957	2,142
Others (note 29(a))	4,680	—
	572,119	144,467
Discontinuing operation (note 33)		
Interests on interest-bearing borrowings wholly repayable within five years	1,704	3,739
	573,823	148,206

(b) Staff costs

	2017 $'000	2016 $'000
Continuing operations		
Salaries, wages and other benefits	156,025	133,929
Contributions to defined contribution retirement plans	14,851	14,254
	170,876	148,183
Discontinuing operation		
Salaries, wages and other benefits	149,071	120,814
Contributions to defined contribution retirement plans	28,240	25,235
Equity settled share-based payment expenses (note 34(b))	71,755	71,951
	249,066	218,000
	419,942	366,183

6 LOSS/(PROFIT) BEFORE TAXATION (continued)

(c) Other items

	2017 $'000	2016 $'000
Continuing operations		
Amortisation of land lease premium (note 12(a))#	**36,905**	37,860
Depreciation of property, plant and equipment (note 12(a))#	**69,554**	63,229
Impairment losses on:		
– goodwill (note 14)	**294,995**	—
– trade receivables (note 22(b))	**349**	1,484
– available-for-sale securities (note 19)	**1,182**	2,911
Reversal of impairment loss on investment in Fortress Group Limited (note 18)	**(734,525)**	—
Changes in fair value of financial instruments at fair value through profit or loss:		
– warrant issued by an associate (note 16)	**1,524**	—
– convertible notes issued by the Company (note 29)	**12,109**	17,250
	13,633	17,250
Operating lease charges: minimum lease payments#		
– assets held for own use under operating leases	**16,546**	13,850
– other assets	**1,296**	127
Auditors' remuneration		
– audit services	**6,852**	7,528
– other services##	**3,173**	5,110
Research and development costs (other than depreciation and amortisation costs)	**8,926**	10,018
Cost of inventories (note 20(b))#	**78,604**	81,601

6 LOSS/(PROFIT) BEFORE TAXATION (continued)

(c) Other items (continued)

	2017 $'000	2016 $'000
Discontinuing operation		
Amortisation of intangible assets*	—	6,905
Depreciation of property, plant and equipment*	—	56,035
Impairment losses on:		
– trade receivables	34,095	24,830
– available-for-sale securities (note 19)	2,943	10,474
Changes in fair value of financial instruments at fair value through profit or loss:		
– convertible notes issued by a subsidiary (note 29)	—	597,170
Operating lease charges: minimum lease payments#		
– assets held for own use under operating leases	3,296	6,006
Auditors' remuneration – audit services	6,691	7,309
Research and development costs (other than depreciation and amortisation costs)	10,370	8,737
Cost of inventories (note 20(b))#	124,667	177,683

* In accordance with the accounting policy set up in note 2(y), as long as a non-current asset is classified as held for sale, or is included in a disposal group that is classified as held for sale, the non-current asset is not depreciated or amortised.

\# During the year ended 31 March 2017, cost of inventories includes $48,896,000 (2016: $99,858,000) relating to staff costs, depreciation and amortisation expenses and operating lease charges, which amount is also included in the respective total amounts disclosed separately above or in note 6(b) for each of these types of expenses, of which, $26,346,000 (2016: $31,320,000) relates to the continuing operations.

\## During the year ended 31 March 2017, other services performed by KPMG primarily related to a very substantial disposal and a major transaction (2016: related to open offer, several major transactions and financial due diligence works).

7 INCOME TAX IN THE CONSOLIDATED INCOME STATEMENT

(a) Continuing operations

(i) Taxation in the consolidated income statement represents:

	2017 **$'000**	2016 $'000
Current tax – PRC Corporate Income Tax ("CIT")		
Provision for the year	**6,280**	10,081
Over-provision in respect of prior years	**(208)**	(169)
	6,072	9,912
Deferred tax		
Origination and reversal of temporary differences (note 28(b)(i))	**(3,400)**	(5,585)
Total income tax expense	**2,672**	4,327

(ii) Reconciliation between tax expense and accounting loss at applicable tax rates:

	2017 **$'000**	2016 $'000
Loss before taxation	**(459,921)**	(426,957)
Notional taxation on profit/(loss) before taxation, calculated at the rates applicable to profit/(loss) in the related jurisdictions concerned	**63,355**	(49,909)
Tax effect of non-deductible expenses	**5,645**	5,260
Tax effect of non-taxable gains	**(123,217)**	(4,390)
Over-provision in respect of prior years	**(208)**	(169)
Reduced tax rate approved by tax authorities	**(1,428)**	(3,079)
Unused tax losses not recognised	**58,205**	56,374
Effect of withholding tax on profit distributions	**320**	240
Actual tax expense	**2,672**	4,327

7 INCOME TAX IN THE CONSOLIDATED INCOME STATEMENT (continued)

(b) Discontinuing operation (note 33)

(i) Taxation in the consolidated income statement represents:

	2017 $'000	2016 $'000
Current tax – PRC CIT		
Provision for the year	69,051	60,755
(Over)/under-provision in respect of prior years	(1,300)	1,850
	67,751	62,605
Deferred tax		
Origination and reversal of temporary differences	(23,066)	101
Total income tax expense	44,685	62,706

(ii) Reconciliation between tax expense and accounting profit/(loss) at applicable tax rates:

	2017 $'000	2016 $'000
Profit/(loss) before taxation	336,084	(294,562)
Notional taxation on profit/(loss) before taxation, calculated at the rates applicable to profit/(loss) in the related jurisdictions concerned	105,101	97,851
Tax effect of non-taxable gains	—	(4,540)
(Over)/under-provision in respect of prior years	(1,300)	1,850
Reduced tax rate approved by tax authorities	(43,419)	(39,670)
Unused tax losses not recognised	789	839
Effect of withholding tax on profit distributions	(16,486)	6,376
Actual tax expense	44,685	62,706

7 INCOME TAX IN THE CONSOLIDATED INCOME STATEMENT (continued)

(c) PRC CIT

The Group's subsidiaries in the PRC are subject to PRC CIT.

On 16 March 2007, the PRC government enacted the new Corporate Income Tax Law ("CIT Law"), which unified the income tax rate to 25% for all companies registered and incorporated in the PRC. Accordingly, except for Beijing Jingjing Medical Equipment Co., Ltd. ("Jingjing"), Beijing Jiachenhong Biological Technologies Co., Ltd. ("Beijing Jiachenhong"), Guangzhou Municipality Tianhe Nuoya Bio-engineering Co., Ltd. ("Guangzhou Nuoya") and Zhejiang Lukou Biotechnology Co., Ltd. ("Zhejiang Lukou"), all other PRC subsidiaries of the Group are subject to income tax at 25% for the years ended 31 March 2017 and 2016.

Jingjing obtained its latest renewed certificate of high and new technology enterprise ("HNTE") on 30 October 2014 with an effective period of three years ended 31 December 2016. Upon the expiry or failure in renewal of HNTE certificate, the tax rate applied to Jingjing would be 25%. Subject to renewal, Jingjing's HNTE status will enable it to continue to enjoy the preferential income tax rate of 15% from 1 January 2017 to 31 December 2019. The Group believes that Jingjing meets all the criteria for the renewal of HNTE. Therefore, income tax expense of Jingjing for the years ended 31 March 2017 and 2016 were calculated based on an income tax rate of 15%.

Beijing Jiachenhong obtained its latest renewed certificate of HNTE on 30 October 2014 with an effective period of three years ended 31 December 2016. Upon the expiry or failure in renewal of HNTE certificate, the tax rate applied to Beijing Jiachenhong would be 25%. Subject to renewal, Beijing Jiachenhong's HNTE status will enable it to continue to enjoy the preferential income tax rate of 15% from 1 January 2017 to 31 December 2019. The Group believes that Beijing Jiachenhong meets all the criteria for the renewal of HNTE. Therefore, income tax expense of Beijing Jiachenhong for the years ended 31 March 2017 and 2016 were calculated based on an income tax rate of 15%.

Guangzhou Nuoya obtained its latest renewed certificate of HNTE on 30 November 2016 with an effective period of three years ending 31 December 2018. Therefore, income tax expense of Guangzhou Nuoya for the years ended 31 March 2017 and 2016 were calculated based on an income tax rate of 15%.

In September 2015, Zhejiang Lukou was initially certified as HNTE, and thus qualified to a reduced income tax rate of 15% from 1 January 2015 to 31 December 2017. Therefore, income tax expense of Zhejiang Lukou for the years ended 31 March 2017 and 2016 were calculated based on an income tax rate of 15%.

The CIT Law and its relevant regulations also impose a withholding tax at 10% on the foreign investors with respect to dividend distributions made out of the PRC entities from earnings accumulated from 1 January 2008, unless the foreign investors meet certain requirements specified in the relevant tax regulations in the PRC and accordingly are entitled to a preferential rate of 5%.

7 INCOME TAX IN THE CONSOLIDATED INCOME STATEMENT (continued)

(d) Hong Kong Profits Tax

No provision for Hong Kong Profits Tax has been made for the years ended 31 March 2017 and 2016 as the Group did not have any profits assessable to Hong Kong Profits Tax during the current and prior years.

(e) Cayman Islands tax and British Virgin Islands ("BVI") tax

Under the legislation of the Cayman Islands and BVI, the Group is not subject to tax on income or capital gains.

(f) Taxation for other overseas entities is charged at the appropriate current rates of taxation ruling in the relevant countries.

8 DIRECTORS' EMOLUMENTS

Directors' emoluments disclosed pursuant to section 383(1) of the Hong Kong Companies Ordinance and Part 2 of the Companies (Disclosure of Information about Benefits of Directors) Regulation are as follows:

	2017					
	Directors' fees $'000	Salaries, allowances and benefits in kind $'000	Discretionary bonuses $'000	Retirement scheme contributions * $'000	Equity settled share-based payments # $'000	Total $'000
Executive directors						
Mr. KAM Yuen ("Mr. Kam")	—	2,600	—	15,593	—	18,193
Mr. KONG Kam Yu	—	2,340	—	4,533	—	6,873
Mr. YU Kwok Kuen, Harry (resigned on 30 June 2016)	—	1,314	2,949	5	—	4,268
Non-executive directors						
Ms. ZHENG Ting	—	3,409	2,000	11,394	16,710	33,513
Mr. GAO Yue	60	—	300	238	—	598
Independent non-executive directors						
Prof. CAO Gang	60	—	300	1,252	—	1,612
Mr. FENG Wen	60	—	300	452	—	812
Prof. GU Qiao	60	—	300	1,529	—	1,889
Mr. Daniel FOA	200	—	300	213	—	713
	440	9,663	6,449	35,209	16,710	68,471

8 DIRECTORS' EMOLUMENTS (continued)

	2016					
	Directors' fees $'000	Salaries, allowances and benefits in kind $'000	Discretionary bonuses $'000	Retirement scheme contributions $'000	Equity settled share-based payments # $'000	Total $'000
Executive directors						
Mr. Kam	—	2,600	10,920	18	—	13,538
Mr. KONG Kam Yu	—	2,340	9,652	18	—	12,010
Mr. YU Kwok Kuen, Harry	—	5,292	2,799	18	—	8,109
Non-executive directors						
Ms. ZHENG Ting	—	3,240	—	18	16,756	20,014
Mr. GAO Yue	60	—	200	—	—	260
Independent non-executive directors						
Prof. CAO Gang	60	—	200	—	—	260
Mr. FENG Wen	60	—	200	—	—	260
Prof. GU Qiao	60	—	200	—	—	260
Mr. Daniel FOA	200	—	200	—	—	400
	440	13,472	24,371	72	16,756	55,111

* Amounts include compensations granted to directors of the Company under a retirement benefits scheme approved by the shareholders at the annual general meeting of the Company held on 28 September 2016 (the "Retirement Benefits Scheme") and is measured in accordance with the Group's accounting policies as set out in note 2(s)(i). A director will, subject to the terms and conditions of the Retirement Benefits Scheme, be entitled to a one-off cash benefit after ceasing to be a director in an amount to be calculated in accordance with the formula set out in the Retirement Benefits Scheme. The formula takes into account, among other things, (a) a base amount of the retirement cash for a 12-month period to be determined by reference to the office of a director (being (i) $1,000,000 for each 12-month period for an executive director and (ii) $100,000 for each 12-month period for a non-executive director and an independent non-executive director) and (b) the length of service of a director.

Further details are set out in the Company's circular dated 26 August 2016.

\# Amounts represent the estimated value of restricted share units (the "RSU(s)") granted to the directors under a subsidiary's RSU scheme. The value of these RSUs is measured according to the Group's accounting policies for share-based payment transactions as set out in note 2(s)(ii) and, in accordance with that policy, include adjustments to reverse amounts accrued in previous years where grants of equity instruments are forfeited prior to vesting.

The details of these benefits in kind, including the principal terms and number of RSUs granted, are disclosed under the paragraph "Share option scheme" in the directors' report and note 34.

9 INDIVIDUALS WITH HIGHEST EMOLUMENTS

Of the five individuals with the highest emoluments, two (2016: three) are the directors whose emoluments are disclosed in note 8. The aggregate of the emoluments in respect of the other three (2016: two) individuals is as follows:

	2017 $'000	2016 $'000
Salaries and other emoluments	5,529	4,848
Discretionary bonuses	4,000	—
Equity settled share-based payments	32,437	22,670
Retirement scheme contributions	18	18
	41,984	27,536

The emoluments of the three (2016: two) individuals with the highest emoluments are within the following bands:

	Number of individuals	
	2017	2016
Emoluments bands		
$10,000,001 to $11,000,000	1	—
$11,000,001 to $12,000,000	—	1
$12,000,001 to $13,000,000	—	—
$13,000,001 to $14,000,000	1	—
$14,000,001 to $15,000,000	—	—
$15,000,001 to $16,000,000	—	1
$16,000,001 to $17,000,000	—	—
$17,000,001 to $18,000,000	1	—
	3	2

10 OTHER COMPREHENSIVE INCOME

Components of other comprehensive income, including reclassification adjustments:

	2017 $'000	2016 $'000
Exchange reserve:		
Exchange differences on translation of financial statements to presentation currency	**(288,542)**	(236,387)
Less: Income tax	**—**	—
Net movement in exchange reserve during the year recognised in other comprehensive income	**(288,542)**	(236,387)
Fair value reserve:		
Changes in fair value of available-for-sale securities recognised during the year	**(48,767)**	40,325
Reclassification adjustment for amounts transferred to profit or loss – impairment loss on available-for-sale securities (note 19)	**4,125**	13,385
Less: Income tax	**—**	—
Net movement in fair value reserve during the year recognised in other comprehensive income	**(44,642)**	53,710

11 (LOSS)/EARNINGS PER SHARE

(a) Basic (loss)/earnings per share

The calculation of basic (loss)/earnings per share is based on consolidated loss attributable to ordinary equity shareholders of the Company of $147,121,000 (2016: $686,512,000) and the weighted average of 2,966,140,000 Shares (2016: 2,355,155,000 Shares) in issue during the year, calculated as follows:

(i) Weighted average number of ordinary shares (basic):

	2017 Number of shares ’000	2016 Number of shares ’000
Issued ordinary shares at 1 April	**2,966,140**	1,797,859
Effect of issue of Shares in lieu of cash dividends (note 31(b)(ii))	**—**	3,373
Effect of issue of Shares upon warrants conversion (note 31(b)(iii))	**—**	27,128
Effect of placing of Shares under general mandate (note 31(b)(iv))	**—**	100,110
Effect of issue of Shares upon open offer (note 31(b)(v))	**—**	426,685
Weighted average number of Shares at 31 March	**2,966,140**	2,355,155

11 (LOSS)/EARNINGS PER SHARE (continued)

(a) Basic (loss)/earnings per share (continued)

(ii) Consolidated (loss)/profit attributable to ordinary equity shareholders of the Company:

	2017 $'000	2016 $'000
(Loss)/profit attributable to equity shareholders		
– from continuing operations	**(436,770)**	(405,561)
– from discontinuing operation	**289,649**	(280,951)
	(147,121)	(686,512)

(iii) (Loss)/earnings per share:

	2017	2016
Basic (loss)/earnings per share (in cents)		
– from continuing operations	**(14.7)**	(17.2)
– from discontinuing operation	**9.7**	(11.9)
	(5.0)	(29.1)

(b) Diluted (loss)/earnings per share

The calculation of diluted (loss)/earnings per share is based on the consolidated loss attributable to equity shareholders of the Company of $147,121,000 (2016: $686,512,000) and the weighted average of 2,966,140,000 Shares (2016: 2,355,155,000 Shares).

The calculation of diluted loss per share for the years ended 31 March 2017 and 2016 did not include the potential effects of deemed issuance of Shares under the Company's share option scheme, warrants and convertible notes during the years as they have all an anti-dilutive effect on the basic (loss)/earnings per share amount for the respective years.

12 PROPERTY, PLANT AND EQUIPMENT

(a) Reconciliation of carrying amount

	Buildings held for own use $'000	Leasehold improvements $'000	Machinery $'000	Motor vehicles $'000	Furniture, fixtures and equipment $'000	Construction in progress $'000	Sub-total $'000	Interests in leasehold land held for own use under operating leases $'000	Total $'000
Cost:									
At 1 April 2016	1,309,347	60,586	249,726	30,884	89,086	11,280	1,750,909	1,755,839	3,506,748
Exchange adjustments	(79,811)	(3,213)	(13,626)	(1,005)	(4,792)	(863)	(103,310)	(48,658)	(151,968)
Additions	2,583	239	18,181	2,512	3,630	202	27,347	–	27,347
Transfer from construction in progress	–	–	2,808	–	–	(2,808)	–	–	–
Disposals	–	–	(3,097)	(3,705)	(184)	–	(6,986)	–	(6,986)
At 31 March 2017	1,232,119	57,612	253,992	28,686	87,740	7,811	1,667,960	1,707,181	3,375,141
Accumulated amortisation and depreciation:									
At 1 April 2016	181,245	50,495	106,101	22,477	72,187	–	432,505	179,990	612,495
Exchange adjustments	(12,052)	(2,607)	(5,740)	(674)	(4,132)	–	(25,205)	(5,740)	(30,945)
Charge for the year	36,612	990	23,066	2,068	6,818	–	69,554	36,905	106,459
Written back on disposals	–	–	(3,097)	(926)	(172)	–	(4,195)	–	(4,195)
At 31 March 2017	205,805	48,878	120,330	22,945	74,701	–	472,659	211,155	683,814
Impairment loss:									
At 1 April 2016	–	–	–	–	–	2,737	2,737	–	2,737
Exchange adjustments	–	–	–	–	–	(170)	(170)	–	(170)
At 31 March 2017	–	–	–	–	–	2,567	2,567	–	2,567
Net book value:									
At 31 March 2017	1,026,314	8,734	133,662	5,741	13,039	5,244	1,192,734	1,496,026	2,688,760

12 PROPERTY, PLANT AND EQUIPMENT (continued)

(a) Reconciliation of carrying amount (continued)

	Buildings held for own use $'000	Leasehold improvements $'000	Machinery $'000	Motor vehicles $'000	Furniture, fixtures and equipment $'000	Construction in progress $'000	Sub-total $'000	Interests in leasehold land held for own use under operating leases $'000	Total $'000
Cost:									
At 1 April 2015	1,570,946	85,072	386,363	50,933	141,565	520,979	2,755,858	1,797,907	4,553,765
Exchange adjustments	(80,822)	(6,616)	(15,518)	(1,636)	(6,633)	(25,970)	(137,195)	(42,068)	(179,263)
Additions	3,397	—	34,394	2,524	6,662	58,754	105,731	—	105,731
Transfer from construction in progress	518,107	—	23,135	—	609	(541,851)	—	—	—
Disposals	—	—	(163)	(1,932)	(3,703)	—	(5,798)	—	(5,798)
Reclassification to assets of disposal group classified as held for sale (note 33)	(702,281)	(17,870)	(178,485)	(19,005)	(49,414)	(632)	(967,687)	—	(967,687)
At 31 March 2016	1,309,347	60,586	249,726	30,884	89,086	11,280	1,750,909	1,755,839	3,506,748
Accumulated amortisation and depreciation:									
At 1 April 2015	256,763	70,707	167,919	31,942	102,301	—	629,632	146,275	775,907
Exchange adjustments	(14,655)	(3,471)	(7,938)	(1,103)	(5,109)	—	(32,276)	(4,145)	(36,421)
Charge for the year	60,555	1,129	35,347	6,332	15,901	—	119,264	37,860	157,124
Written back on disposals	—	—	(160)	(1,822)	(3,682)	—	(5,664)	—	(5,664)
Reclassification to assets of disposal group classified as held for sale (note 33)	(121,418)	(17,870)	(89,067)	(12,872)	(37,224)	—	(278,451)	—	(278,451)
At 31 March 2016	181,245	50,495	106,101	22,477	72,187	—	432,505	179,990	612,495
Impairment loss:									
At 1 April 2015	—	—	—	—	—	2,884	2,884	—	2,884
Exchange adjustments	—	—	—	—	—	(147)	(147)	—	(147)
At 31 March 2016	—	—	—	—	—	2,737	2,737	—	2,737
Net book value:									
At 31 March 2016	1,128,102	10,091	143,625	8,407	16,899	8,543	1,315,667	1,575,849	2,891,516

12 PROPERTY, PLANT AND EQUIPMENT (continued)

(b) As at 31 March 2017, the Group had no pledged interests in leasehold land and buildings.

As at 31 March 2016, the Group pledged interests in leasehold land and buildings of $195,318,000 as collateral against certain loans granted to the Group by several banks (note 26(a)), of which, $122,623,000 was reclassified to assets of disposal group classified as held for sale.

(c) As at 31 March 2017, the Group was in the process of obtaining property ownership certificates for buildings in Beijing with an aggregate carrying amount of $925,724,000 (2016: $1,009,680,000).

(d) The analysis of net book value of properties is as follows:

	2017 $'000	2016 $'000
Outside Hong Kong – medium-term lease	**3,076,915**	3,284,814
Reclassification to assets of disposal group classified as held for sale	**(554,575)**	(580,863)
	2,522,340	2,703,951
Representing:		
Buildings held for own use	**1,580,889**	1,708,965
Reclassification to assets of disposal group classified as held for sale	**(554,575)**	(580,863)
	1,026,314	1,128,102
Interests in leasehold land held for own use under operating leases	**1,496,026**	1,575,849
	2,522,340	2,703,951

(e) Assets held under finance leases

The Group leases three (2016: five) motor vehicles under finance leases expiring from 1 to 2 years and certain machineries under finance leases expiring in 12 years. At the end of the lease terms, the Group has the option to purchase the leased motor vehicles at a price deemed to be a bargain purchase option. The leases do not include contingent rentals.

At the end of the reporting period, the net book value of motor vehicles and machineries held under finance leases of the Group was $3,055,000 (2016: $4,079,000) and $18,975,000 (2016: $21,966,000), respectively.

12 PROPERTY, PLANT AND EQUIPMENT (continued)

(f) On 8 April 2016, Shanghai Baisuihang Pharmaceutical Company Limited ("Baisuihang") received a letter in relation to cooperation and support of resumption work (the "Letter") from Qingpu District of Shanghai. According to the Letter, Baisuihang was informed that the area in which Baisuihang is located has been listed in the development plan of the new city and will be included in the year 2016 resumption plan of Qingpu District of Shanghai.

As at the date of this annual report, the resumption of land and properties of Baisuihang situated in the Qingpu District of Shanghai as contemplated by the Letter (the "Possible Land Resumption") is still at preliminary stage and details of the Possible Land Resumption, including but not limited to timing of the Possible Land Resumption, compensation term, relocation plan and other relevant information are not yet available. Further details are set out in the Company's announcement dated 8 April 2016.

13 INTANGIBLE ASSETS

	Operating rights of cord blood banks $'000
Cost:	
At 1 April 2015	214,038
Exchange adjustments	(10,911)
Reclassification to assets of disposal group classified as held for sale (note 33)	(203,127)
At 31 March 2016 and 31 March 2017	—
Accumulated amortisation and impairment loss:	
At 1 April 2015	52,162
Exchange adjustments	(2,793)
Charge for the year	6,905
Reclassification to assets of disposal group classified as held for sale (note 33)	(56,274)
At 31 March 2016 and 31 March 2017	—
Net book value:	
At 31 March 2016 and 31 March 2017	—

14 GOODWILL

	$'000
Cost:	
At 1 April 2015	582,365
Exchange adjustments	(24,292)
Reclassification to assets of disposal group classified as held for sale (note 33)	(66,663)
At 31 March 2016 and 1 April 2016	491,410
Exchange adjustments	(28,097)
At 31 March 2017	463,313
Accumulated impairment loss:	
At 1 April 2015 and 2016	—
Charge for the year	(294,995)
At 31 March 2017	(294,995)
Carrying amount:	
At 31 March 2016	491,410
At 31 March 2017	**168,318**

14 GOODWILL (continued)

Impairment tests for cash-generating units containing goodwill

Goodwill is allocated to the Group's cash-generating units ("CGU(s)") as follows:

	2017 $'000	2016 $'000
Medical devices	**506**	506
Cord blood storage	**66,663**	66,663
Hospital management	**129,119**	452,211
Hospital operation	**38,693**	38,693
	234,981	558,073
Reclassification to assets of disposal group classified as held for sale (note 33)	**(66,663)**	(66,663)
	168,318	491,410

The recoverable amount of each CGU is determined based on value-in-use calculations. These calculations use cash flow projections based on financial budgets approved by management with the final year representing a steady state in development of business. Cash flows beyond the budget period are extrapolated using the estimated rates stated as below. The growth rate does not exceed the long-term average growth rate for the business in which the CGU operates.

(Expressed in Hong Kong dollars unless otherwise indicated)

14 GOODWILL (continued)

Impairment tests for cash-generating units containing goodwill (continued)

Key assumptions used for value-in-use calculations:

	2017 %	2016 %
Gross margin		
Medical devices	**51.0**	51.0
Cord blood storage	**81.1**	79.0
Hospital management	**42.6**	40.0
Hospital operation	**46.2**	49.0
Growth rate		
Medical devices	**1.5**	1.5
Cord blood storage	**8.2**	8.5
Hospital management	**7.5**	10.6
Hospital operation	**4.0**	4.0
Discount rate		
Medical devices	**16.2**	16.2
Cord blood storage	**14.4**	14.4
Hospital management	**12.8**	13.1
Hospital operation	**12.3**	12.3

Management determined the budgeted growth rate and gross margin based on past performance, market data in the same industry and its expectation for market development. The discount rates reflect specific risks relating to the relevant CGUs.

The impairment loss on goodwill recognised during the year ended 31 March 2017 relates to the Group's hospital management business. Based on the latest cashflow forecast prepared by the Group, the carrying amount of the CGU allocated to the hospital management business exceeds its recoverable amount by $294,995,000 as at 31 March 2017. Accordingly, an impairment loss was recognised in respect of this CGU of which $294,995,000 has been allocated to reduce the carrying amount of goodwill. As the carrying amount of the CGU has been reduced to its recoverable amount of $1,118,669,000, any adverse change in the assumptions used in the calculation of recoverable amount would result in further impairment losses.

(Expressed in Hong Kong dollars unless otherwise indicated)

15 INTERESTS IN SUBSIDIARIES

The following list contains only the particulars of subsidiaries which principally affected the results, assets or liabilities of the Group. The class of shares held is ordinary unless otherwise stated.

		Proportion of ownership interest				
Name of the Company	Place of incorporation and business	Group's effective holding	Held by the Company	Held by subsidiaries	Issued/ registered capital	Principal activities
Jingjing (i)	The PRC	100.00%	—	100.00%	US$10,100,000	Manufacture and sale of medical devices
China Bright Group Co. Limited ("China Bright")	Hong Kong	100.00%	100.00%	—	149,423,167 shares	Investment holding and sale of medical devices
GM Hospital Group Limited ("GMHG")	BVI	100.00%	100.00%	—	US$100	Investment holding
GM Hospital Management (China) Company Limited ("GMHM(China)") (i)	The PRC	100.00%	—	100.00%	RMB80,000,000	Provision of hospital management services
GM Investment Company Limited ("GM Investment")	Hong Kong	100.00%	100.00%	—	1 share	Investment holding
Baisuihang (i)	The PRC	100.00%	—	100.00%	RMB150,000,000	Research and development, manufacture and sale of Chinese herbal medicines
Shanghai East International Medical Center Ltd. ("SEIMC") (ii)	The PRC	56.00%	—	56.00%	US$5,250,000	Hospital operation
Beijing Qinghe Hospital Company Limited ("Qinghe Hospital Co.") (iii)	The PRC	82.73%	—	82.73%	RMB150,000,000	Hospital management and operation
Beijing Sunbow Obstetrics and Gynaecology Hospital Company Limited ("Sunbow Hospital") (iii)	The PRC	82.73%	—	82.73%	RMB10,000,000	Hospital operation
Golden Meditech (Shanghai) Company Limited (i)	The PRC	100.00%	—	100.00%	US$10,000,000	Software design and production of medical equipment

(Expressed in Hong Kong dollars unless otherwise indicated)

15 INTERESTS IN SUBSIDIARIES (continued)

		Proportion of ownership interest				
Name of the Company	Place of incorporation and business	Group's effective holding	Held by the Company	Held by subsidiaries	Issued/ registered capital	Principal activities
GM-Medicare Management (China) Company Limited (i)	The PRC	70.00%	—	100.00%	US$15,000,000	Provision of medical insurance administration service
Golden Meditech Stem Cells (BVI) Company Limited ("GMSC")	BVI	100.00%	100.00%	—	US$1	Investment holding
CCBC	Cayman Islands	52.44%	—	52.44%	US$7,314	Investment holding
Beijing Jiachenhong (i)	The PRC	52.44%	—	100.00%	RMB280,000,000	Provision of cord blood storage service
Guangzhou Nuoya (i)	The PRC	52.44%	—	100.00%	RMB90,000,000	Provision of cord blood storage service
Zhejiang Lukou (iii)	The PRC	47.20%	—	90.00%	RMB50,000,000	Provision of cord blood storage service

Notes:

(i) These subsidiaries are wholly-owned foreign enterprises.

(ii) SEIMC is a sino-foreign co-operative joint venture, which is accounted for as one of the Group's subsidiaries as it is controlled by the Group.

(iii) These subsidiaries are PRC domestic enterprises.

(iv) Foreign exchange control regulations in PRC impose restrictions on fund flows between subsidiaries located in the PRC and other entities within the Group.

15 INTERESTS IN SUBSIDIARIES (continued)

The following table lists out the information relating to each of the Group's subsidiaries that has material non-controlling interests ("NCI"). The summarised financial information presented below represents the amounts before any inter-company elimination.

	2017				
	SEIMC $'000	Qinghe Hospital Co. and Sunbow Hospital $'000	CCBC* $'000	Other individually immaterial subsidiaries $'000	Total $'000
NCI percentage	44.00%	17.27%	47.56%		
Current assets	82,640	86,203	4,139,951		
Non-current assets	2,616	1,878,694	1,787,940		
Current liabilities	(12,978)	(1,175,921)	(2,622,760)		
Non-current liabilities	—	(19,292)	(2,110,748)		
Net assets	72,278	769,684	1,194,383		
Carrying amount of NCI	31,803	132,816	578,397	(36,129)	706,887
Revenue	59,279	1,177	876,201		
Profit/(loss) for the year	13,759	(121,568)	(2,378)		
Total comprehensive income	18,319	(119,747)	(191,894)		
Profit/(loss) allocated to NCI	6,054	(20,995)	(1,131)	(8,001)	(24,073)
Dividend paid to NCI	(5,036)	—	—	—	(5,036)
Cash flows generated from/ (used in) operating activities	11,989	(93,190)	826,716		
Cash flows generated from/ (used in) investing activities	7,650	(15,672)	(94,764)		
Cash flows (used in)/generated from financing activities	(11,445)	101,819	(180,090)		

15 INTERESTS IN SUBSIDIARIES (continued)

	2016				
	SEIMC $'000	Qinghe Hospital Co. $'000	CCBC* $'000	Other individually immaterial subsidiaries $'000	Total $'000
NCI percentage	44.00%	17.27%	47.56%		
Current assets	87,249	69,119	3,830,473		
Non-current assets	2,408	1,963,379	1,801,792		
Current liabilities	(15,133)	(1,122,160)	(499,838)		
Non-current liabilities	—	(21,653)	(3,877,423)		
Net assets	74,524	888,685	1,255,004		
Carrying amount of NCI	32,791	153,497	635,538	(26,140)	795,686
Revenue	59,688	—	812,944		
Profit/(loss) for the year	9,749	(98,634)	(117,156)		
Total comprehensive income	4,620	(100,734)	(184,125)		
Profit/(loss) allocated to NCI	4,290	(17,034)	(76,762)	(12,534)	(102,040)
Dividend paid to NCI	(15,840)	—	—	(2,018)	(17,858)
Cash flows generated from/ (used in) operating activities	11,329	(51,979)	701,379		
Cash flows generated from/ (used in) investing activities	903	(132,021)	61,371		
Cash flows (used in)/generated from financing activities	(46,642)	188,686	(68,547)		

* As disclosed in note 33, the Group has classified the assets and liabilities of CCBC to disposal group held for sale and the operation of CCBC is accounted for as discontinuing operation in the consolidated financial statements for the years ended 31 March 2016 and 2017.

(Expressed in Hong Kong dollars unless otherwise indicated)

16 INTEREST IN AN ASSOCIATE

On 15 September 2016, the Company entered into several agreements in relation to the investment in Cellenkos Inc. ("Cellenkos"), pursuant to which, (i) the Company agreed to subscribe for an aggregate number of 1,300,000 shares of Cellenkos, representing approximately 17.4% issued share capital of Cellenkos, at a consideration of approximately US$5,098,000 (equivalent to approximately $39,764,000); and (ii) the Company was granted a warrant (the "Cellenkos Warrant") issued by Cellenkos to subscribe for a maximum of 1,300,000 shares of Cellenkos at an exercise price of US$3.921569 per share, same as the initial investment price, within two years from the issuance date.

The Company is entitled to vote the number of shares represented by the Cellenkos Warrant and receive dividends as if the Cellenkos Warrant had already been exercised. Assuming exercise of all warrants granted by Cellenkos to its shareholders in full, the Group's effective interest in Cellenkos would be 26%. Pursuant to above mentioned agreements, management determined that the Group has significant influence over Cellenkos, including participation in its financial and operating policy decisions and Cellenkos is therefore an associate of the Group.

The Cellenkos Warrant is considered as an embedded derivative component of the investment which is separated from the host contract and measured in accordance with the Group's accounting policies as set out in note 2(h). Any excess of payments over the amount initially recognised as the derivative financial assets is recognised as interest in an associate.

Details of the Group's interest in Cellenkos which is recognised as an investment in an associate and accounted for using the equity method in the consolidated financial statements, are as follows:

				Proportion of ownership interest			
Name of associate	Form of business structure	Place of incorporation	Particulars of issued and paid up capital	Goup's effective interest	Held by the Company	Held by a subsidiary	Principal Activity
Cellenkos	Incorporated	United States	US$745	17.4%	17.4%	—	Research and development of stem cells therapies

16 INTEREST IN AN ASSOCIATE (continued)

Summarised financial information of Cellenkos, adjusted for any differences in accounting policies, and a reconciliation to the carrying amounts in the consolidated financial statements, are disclosed below:

	2017
	$'000
Gross amounts of Cellenkos	
Non-current assets	**111,757**
Current assets	**75,454**
Current liabilities	**(1,516)**
Equity	**185,695**
Revenue	**—**
Loss for the year	**(1,144)**
Total comprehensive income	**(1,144)**
Reconciled to the Group's interest in an associate	
Gross amounts of net assets of the associate	**185,695**
Group's effective interest	**17.4%**
Group's share of net assets of the associate and carrying amount in the consolidated statement of financial position	**32,311**

The movement of the investment in Cellenkos are set out as below:

	Interest in an associate	**Derivative financial assets**	**Total**
	$'000	$'000	$'000
Initial investments	**32,511**	**7,253**	**39,764**
Share of losses of an associate	(200)	—	(200)
Changes in fair value recognised in profit or loss during the year (note 6(c))	—	(1,524)	(1,524)
As at 31 March 2017	**32,311**	**5,729**	**38,040**

As at 31 March 2017, the Group has not yet exercised the Cellenkos Warrant.

17 INTEREST IN A JOINT VENTURE

	2017 $'000
Investment in a joint venture	1,789
Amounts due from a joint venture (note)	67,061
	68,850

Note: Amounts include a loan to a subsidiary of GM Javadi with a principal of US$8,229,000 (equivalent to approximately $64,186,000) for a period of 5 years expiring on 11 January 2022, interests are charged at the United States prime rate. As at 31 March 2017, the loan was pledged by certain land and building held by the subsidiary of GM Javadi.

Details of the Group's interest in GM Javadi, which is recognised as an investment in a joint venture and accounted for using the equity method in the consolidated financial statements, are as follows:

				Proportion of ownership interest			
Name of joint venture	Form of business structure	Place of incorporation and business	Particulars of issued and paid up capital	Group's effective interest	Held by the Company	Held by a subsidiary	Principal activity
Golden Meditech Javadi Precision Medicine Limited ("GM Javadi")	Incorporated	Cayman Islands	US$1,000,000	40%	—	40%	Operation of precision medicine clinic

In January 2017, GM Javadi was established by the Group and two third parties. Pursuant to the terms of the shareholders' agreement, the Group and other parties contractually agreed to share control of GM Javadi and have rights to the net assets of GM Javadi. Thus, management determined that GM Javadi is a joint venture of the Group.

GM Javadi is an unlisted corporate entity whose quoted market price is not available.

17 INTEREST IN A JOINT VENTURE (continued)

Summarised financial information of GM Javadi, adjusted for any differences in accounting policies, and a reconciliation to the carrying amounts in the consolidated financial statements, are disclosed below:

	2017 $'000
Gross amounts of GM Javadi	
Non-current assets	65,761
Current assets	6,561
Current liabilities	(3,664)
Non-current liabilities	(64,186)
Equity	4,472
Included in the above assets and liabilities:	
Cash and cash equivalents	6,529
Non-current financial liabilities	(64,186)
Revenue	2,169
Loss for the year	(3,329)
Total comprehensive income	(3,329)
Included in the above loss:	
Depreciation and amortisation charges	314
Interest expenses	535
Reconciled to the Group's interest in a joint venture	
Gross amounts of net assets of the joint venture	4,472
Group's effective interest	40%
Group's share of net assets of the joint venture and carrying amount in the consolidated statement of financial position	1,789

18 INVESTMENT IN FORTRESS GROUP LIMITED

On 22 March 2014, GM Investment, a wholly-owned subsidiary of the Company, entered into a conditional sale and purchase agreement with Sanpower Group Limited* (三胞集團有限公司) ("Sanpower") (the "Fortress SPA") to sell its entire interest in Fortress Group Limited ("Fortress"), a former associate of the Group, representing approximately 27.9% of the issued share capital of Fortress, for a consideration of approximately US$101,264,000 (equivalent to approximately $789,859,000) (the "Fortress Disposal").

Completion of the Fortress SPA is conditional upon, among other things, the satisfaction of certain conditions, including but not limited to the completion of the agreement in relation to the disposal of a controlling shareholding interest in Fortress ("The PAG Agreement") entered into by PAG Asia I LP ("PAG"), a controlling shareholder of Fortress, and Sanpower.

Upon completion of the Fortress Disposal, the Group will not hold any interest in Fortress and Fortress will cease to be an associate of the Group. Accordingly, the Group reclassified its interest in an associate as "non-current assets classified as held for sale" and transferred exchange reserve related to the interest in an associate to "amounts recognised in other comprehensive income and accumulated in equity relating to non-current assets classified as held for sale" as at 31 March 2014.

Further details of the Fortress Disposal are set out in the Company's circular dated 12 May 2014.

In July 2014, GM Investment was informed that the PAG Agreement had not been completed and therefore, Fortress SPA would not proceed as contemplated. The Company had not been informed of the reasons why the PAG Agreement has not completed.

Thereafter, the Group had been informed that a dispute had arisen between two of the shareholders of Fortress. The Group agreed to proceed with the sale of Fortress's 100% equity interest in Funtalk China Holdings Limited ("Funtalk", the only operating entity under Fortress) to Sanpower.

In June 2015, GM Investment received a notice from a senior security holder of Fortress of its intention to exercise the put option, pursuant to a shareholder agreement entered into by GM Investment and the other shareholders of Fortress on 25 August 2011, to repurchase the outstanding senior obligation of Fortress. However, as confirmed from the notice, no further claim against GM Investment if GM Investment decides to forfeit and transfer its entire equity interest in Fortress to the said senior security holder of Fortress.

Based on the information available as at 31 March 2015, the Company made an impairment provision of $759,934,000 on its investment in Fortress as at 31 March 2015.

* The English name is for identification purpose only.

18 INVESTMENT IN FORTRESS GROUP LIMITED (continued)

Since the receipt of the notice from the senior security holder of Fortress, the Company has taken actions to safeguard its interest, including seeking legal advice and negotiating with relevant parties to reach settlement agreements in order to maximise the recovery of its interest in Fortress. As at 31 March 2016, no definite agreements have been reached.

On 3 November 2016, GM Investment, PAG and its assignee PAGAC Fortress Holding I Limited ("PAGAC") and Fortress entered into a conditional settlement agreement (the "PAG Settlement Agreement"). Pursuant to the PAG Settlement Agreement, Fortress authorises GM Investment to receive an unsettled sum in relation to its sale of 100% equity interest in Funtalk to Sanpower of not less than approximately US$250,000,000 (equivalent to approximately $1,950,000,000) from Sanpower (the "Fortress Unsettled Sum"). Accordingly, GM Investment agrees to pay a settlement sum of US$180,000,000 (equivalent to approximately $1,404,000,000)) (the "PAG Settlement Sum") to PAGAC by instalments within 18 months. PAG will release and waive all of its claims against GM Investment upon receipt of the PAG Settlement Sum.

On 14 November 2016, GM Investment and Sanpower entered into a conditional settlement agreement (the "Sanpower Settlement Agreement"), pursuant to which, Sanpower agrees to pay a settlement sum of US$300,000,000 (equivalent to approximately $2,340,000,000) (the "Sanpower Settlement Sum") to GM Investment by instalments within 36 months as a full and final settlement for the Fortress Unsettled Sum. The first three instalments will be paid in cash, while the remaining two instalments can either be settled by cash or in kind by Sanpower's investment in securities listed on the Shanghai Stock Exchange, at sole discretion of GM Investment. The obligation of Sanpower to pay the Sanpower Settlement Sum under the Sanpower Settlement Agreement is guaranteed by Mr. Yuan Yafei, the controlling shareholder of Sanpower. Upon receipt of the Sanpower Settlement Sum, GM Investment will release and waive all of its claims against Sanpower, including the claims regarding the Fortress Unsettled Sum and the Fortress SPA.

The PAG Settlement Agreement and the Sanpower Settlement Agreement (together as the "Fortress Settlement Agreements") were approved by shareholders at the extraordinary general meeting of the Company held on 16 January 2017.

Further details of the Fortress Settlement Agreements are set out in the Company's announcements dated 3 November 2016, 14 November 2016 and 1 March 2017, respectively, and Company's circular dated 23 December 2016.

18 INVESTMENT IN FORTRESS GROUP LIMITED (continued)

Upon the execution of the PAG Settlement Agreement and the Sanpower Settlement Agreement, a financial liability, namely "amounts due to PAGAC" and a financial asset, namely "amounts due from Sanpower", being the present value of the PAG Settlement Sum and the Sanpower Settlement Sum had been recognised. The difference between the present values of the PAG Settlement Sum and the Sanpower Settlement Sum, being US$94,170,000 (equivalent to approximately $734,525,000) at initial recognition had been recognised in the profit or loss for the year ended 31 March 2017 under the caption "reversal of impairment loss on investment in Fortress Group Limited".

The movement of amounts due from Sanpower and amounts due to PAGAC are set out as below:

	Amounts due from Sanpower (notes 21 and 22) $'000	**Amounts due to PAGAC** (note 25) $'000	**Total** $'000
Initial recognition	2,138,525	(1,404,000)	734,525
Interest income (note 5)	3,973	—	
Settlements	(624,000)	546,000	(78,000)
As at 31 March 2017	**1,518,498**	**(858,000)**	
Representing:			
Current	332,135	(429,000)	
Non-current	1,186,363	(429,000)	
	1,518,498	**(858,000)**	

19 AVAILABLE-FOR-SALE SECURITIES

	2017 $'000	2016 $'000
Equity securities		
Listed outside Hong Kong	**148,678**	197,022
Unlisted equity securities	**264,860**	262,589
	413,538	459,611
Fund investments	**99,512**	40,027
Unlisted debt securities	**18,631**	19,205
	531,681	518,843
Reclassification to assets of disposal group classified as held for sale (note 33)	**(453,410)**	(422,654)
	78,271	96,189

As at 31 March 2017, certain listed available-for-sale equity securities of the Group were individually determined to be impaired as a result of significant and prolonged decline in their fair value below cost. During the year ended 31 March 2017, impairment loss of $4,125,000 (2016: $13,385,000) was recognised in profit or loss in accordance with the accounting policy set out in note 2(l)(i), of which, $1,182,000 (2016: $2,911,000) relates to the continuing operations.

20 INVENTORIES

(a) Inventories in the consolidated statement of financial position comprise:

	2017 $'000	2016 $'000
Non-current		
Capitalised processing costs of donated umbilical cord blood units (i)	**76,937**	76,681
Reclassification to assets of disposal group classified as held for sale (note 33)	**(76,937)**	(76,681)
	—	—
Current		
Raw materials	**29,033**	28,397
Work in progress	**10,176**	7,181
Finished goods	**6,558**	6,072
	45,767	41,650
Reclassification to assets of disposal group classified as held for sale (note 33)	**(25,191)**	(24,362)
	20,576	17,288
	20,576	17,288

(i) The Group collects, tests, freezes and stores donated umbilical cord blood units for future transplantation or research purposes in return for a fee. Collection, testing and processing costs attributable to the processing of donated umbilical cord blood unit are capitalised as inventories, and recognised as cost of sales when revenue is recognised upon successful match of the donated umbilical cord blood units.

20 INVENTORIES (continued)

(b) The analysis of the amount of inventories recognised as expense is as follows:

	2017 $'000	2016 $'000
Carrying amount of inventories sold and consumed		
– continuing operations	**78,604**	81,601
– discontinuing operation	**124,667**	177,683
	203,271	259,284

21 NON-CURRENT TRADE AND OTHER RECEIVABLES

	2017 $'000	2016 $'000
Trade receivables (note 22)	**152,400**	198,402
Investment deposit (i)	**262,544**	262,544
Amounts due from Sanpower (note 18)	**1,186,363**	—
Prepayments and deposits	**5,258**	25
	1,606,565	460,971
Reclassification to assets of disposal group classified as held for sale (note 33)	**(420,202)**	(460,971)
	1,186,363	—

(i) Investment deposit as at 31 March 2017 and 2016 represented refundable earnest money for a potential healthcare investment.

21 NON-CURRENT TRADE AND OTHER RECEIVABLES (continued)

Non-current trade receivables and amounts due from Sanpower are due for payments as follows:

	2017			2016		
	Continuing operations $'000	Discontinuing operation $'000	Total $'000	Continuing operations $'000	Discontinuing operation $'000	Total $'000
Fiscal year ending 31 March						
2018	—	—	—	—	42,310	42,310
2019	858,000	37,227	895,227	—	38,913	38,913
2020	429,000	33,392	462,392	—	34,705	34,705
2021	—	29,827	29,827	—	31,589	31,589
2022 and thereafter (for 2016)	—	27,811	27,811	—	182,969	182,969
2023 and thereafter (for 2017)	—	146,245	146,245	—	—	—
Less: Unearned interest income	(100,637)	(42,328)	(142,965)	—	(56,777)	(56,777)
Allowance for doubtful debts	—	(79,774)	(79,774)	—	(75,307)	(75,307)
	1,186,363	152,400	1,338,763	—	198,402	198,402
Reclassification to assets of disposal group classified as held for sale	—	(152,400)	(152,400)	—	(198,402)	(198,402)
	1,186,363	—	1,186,363	—	—	—

22 TRADE AND OTHER RECEIVABLES

	2017			2016		
	Continuing operations	Discontinuing operation (note 33)	Total	Continuing operations	Discontinuing operation (note 33)	Total
	$'000	$'000	$'000	$'000	$'000	$'000
Trade receivables	18,989	411,912	430,901	26,720	469,580	496,300
Less: Allowance for doubtful debts	(2,433)	(132,614)	(135,047)	(3,056)	(121,311)	(124,367)
	16,556	279,298	295,854	23,664	348,269	371,933
Representing:						
Non-current (note 21)	—	152,400	152,400	—	198,402	198,402
Current	16,556	126,898	143,454	23,664	149,867	173,531
Prepayments and deposits	7,104	417	7,521	7,246	493	7,739
Other receivables	110,887	20,645	131,532	91,337	25,829	117,166
Amounts due from Sanpower (note 18)	332,135	—	332,135	—	—	—
Total current trade and other receivables	466,682	147,960	614,642	122,247	176,189	298,436

All current trade and other receivables are expected to be recovered within one year.

22 TRADE AND OTHER RECEIVABLES (continued)

(a) Ageing analysis

Details of the ageing analysis of trade receivables (net of allowance for doubtful debts) that are neither individually nor collectively considered to be impaired are as follows:

	2017			2016		
	Continuing operations $'000	Discontinuing operation $'000	Total $'000	Continuing operations $'000	Discontinuing operation $'000	Total $'000
Neither past due nor impaired	11,330	196,984	208,314	20,610	252,344	272,954
Past due (net of allowance for doubtful debts)						
Within six months	2,158	21,698	23,856	1,655	33,548	35,203
Between seven and twelve months	2,547	18,169	20,716	1,224	19,843	21,067
Over one year	521	42,447	42,968	175	42,534	42,709
	5,226	82,314	87,540	3,054	95,925	98,979
	16,556	279,298	295,854	23,664	348,269	371,933

The Group's credit policy is set out in note 35(a).

Receivables that were neither past due nor impaired relate to a wide range of customers for whom there was no recent history of default.

Receivables that were past due but not impaired relate to a number of independent customers that have a good track record with the Group. Based on past experience, management believes that no impairment allowance is necessary in respect of these balances as there has not been a significant change in credit quality and the balances are still considered fully recoverable.

22 TRADE AND OTHER RECEIVABLES (continued)

(b) Impairment of trade receivables

Impairment losses in respect of trade receivables are recorded using an allowance account unless the Group is satisfied that recovery of the amount is remote, in which case the impairment loss is written-off against trade receivables directly (note 2(l)(i)).

The movement in allowance for doubtful debts during the year is as follows:

	2017 $'000	2016 $'000
At beginning of the year	**3,056**	109,173
Exchange adjustments	**(181)**	(5,973)
Impairment loss recognised	**349**	26,314
Uncollectible amounts written off	**(791)**	(5,147)
At end of the year	**2,433**	124,367
Reclassification to assets of disposal group classified as held for sale	**—**	(121,311)
	2,433	3,056

23 TIME DEPOSITS

	2017 $'000	2016 $'000
Deposits with original maturities over three months	**56,383**	66,130
Pledged bank deposits (i)	**17,617**	17,699
	74,000	83,829

(i) The balance represents bank deposits of $17,617,000 (2016: $17,699,000) which was pledged for interest-bearing borrowings as at 31 March 2017 (note 26(a)).

24 CASH AND CASH EQUIVALENTS

(a) Cash and cash equivalents comprise:

	2017 $'000	2016 $'000
Cash and cash equivalents in the consolidated statement of financial position and cash flow statement	**4,397,306**	4,507,530
Reclassification to assets of disposal group classified as held for sale (note 33)	**(3,958,349)**	(3,617,197)
	438,957	890,333

24 CASH AND CASH EQUIVALENTS (continued)

(b) Reconciliation of (loss)/profit before taxation to cash generated from operations:

	Note	2017 $'000	2016 $'000
(Loss)/profit before taxation		**(123,837)**	(721,519)
– from continuing operations		**(459,921)**	(426,957)
– from discontinuing operation	33	**336,084**	(294,562)
Adjustments for:			
Impairment loss on trade receivables	6(c)	**34,444**	26,314
Impairment loss on goodwill	6(c)	**294,995**	—
Impairment loss on available-for-sale securities	6(c)	**4,125**	13,385
Depreciation of property, plant and equipment	6(c)	**69,554**	119,264
Amortisation of land lease premium	6(c)	**36,905**	37,860
Amortisation of intangible assets	6(c)	**—**	6,905
Interest income from bank deposits	5	**(15,198)**	(18,174)
Interest income from other receivables	5	**(3,973)**	—
Interest income from loan to a joint venture	5	**(535)**	—
Dividend income from trading securities	5	**—**	(970)
Dividend income from available-for-sale securities	5	**—**	(60,608)
Net realised and unrealised gains on trading securities	5	**—**	(3,454)
Net gain on disposal of available-for-sale securities	5	**—**	(2,815)
Net loss/(gain) on disposal of property, plant and equipment	5	**634**	(125)
Finance costs	6(a)	**573,823**	148,206
Equity settled share-based payment expenses	6(b)	**71,755**	71,951
Changes in fair value of financial instruments at fair value through profit or loss	6(c)	**13,633**	614,420
Share of losses of an associate	16	**200**	—
Share of losses of a joint venture	17	**1,331**	—
Reversal of impairment loss on investment in Fortress Group Limited	18	**(734,525)**	—
Effects of foreign exchange rates		**(3,226)**	5,882
Operating profit before changes in working capital		**220,105**	236,522
Decrease/(increase) in trade and other receivables		**2,526**	(8,245)
Increase in inventories		**(12,509)**	(10,855)
(Decrease)/increase in trade and other payables		**(10,773)**	84,726
Increase in deferred income		**362,347**	317,992
Cash generated from operations		**561,696**	620,140

25 TRADE AND OTHER PAYABLES

	2017			2016		
	Continuing operations	Discontinuing operation (note 33)	Total	Continuing operations	Discontinuing operation (note 33)	Total
	$'000	$'000	$'000	$'000	$'000	$'000
Non-current						
Amounts due to PAGAC (note 18)	429,000	—	429,000	—	—	—
Other payables and accrued expenses	—	340,813	340,813	—	307,721	307,721
	429,000	340,813	769,813	—	307,721	307,721
Current						
Trade payables	47,866	13,032	60,898	98,563	15,928	114,491
Construction costs payables	1,617	—	1,617	25,445	—	25,445
Amounts due to PAGAC (note 18)	429,000	—	429,000	—	—	—
Earnest money received from Sanpower	340,742	—	340,742	—	—	—
Other payables and accrued expenses	172,371	72,458	244,829	179,162	72,458	251,620
Consideration payables (note 32(a))	—	—	—	50,000	—	50,000
Dividends payable to ordinary shareholders	—	—	—	9	—	9
	991,596	85,490	1,077,086	353,179	88,386	441,565
	1,420,596	426,303	1,846,899	353,179	396,107	749,286

All current trade and other payables are expected to be settled within one year.

25 TRADE AND OTHER PAYABLES (continued)

The Group is normally granted credit periods of one to three months by its suppliers. Details of the ageing analysis of trade payables are as follows:

	2017 **$'000**	2016 $'000
Due within three months or on demand	**60,898**	114,491
Reclassification to liabilities of disposal group classified as held for sale	**(13,032)**	(15,928)
	47,866	98,563

26 INTEREST-BEARING BORROWINGS

As at 31 March 2017 and 2016, the interest-bearing borrowings were repayable as follows:

	2017 **$'000**	2016 $'000
Within one year or on demand	**2,822,725**	2,769,678
Reclassification to liabilities of disposal group classified as held for sale (note 33)	**—**	(72,141)
	2,822,725	2,697,537

26 INTEREST-BEARING BORROWINGS (continued)

As at 31 March 2017 and 2016, the interest-bearing borrowings were secured as follows:

	Note	2017 $'000	2016 $'000
Bank loans	(a)		
– secured		—	192,377
– unsecured		383,188	566,150
		383,188	758,527
Reclassification to liabilities of disposal group classified as held for sale (note 33)		—	(72,141)
		383,188	686,386
Secured promissory notes	(b)	2,439,537	2,011,151
		2,822,725	2,697,537

(a) Bank loans

As at 31 March 2016, the bank loans of certain subsidiaries under certain bank facilities of $192,377,000 of which $72,141,000 has been reclassified to liabilities of disposal group classified as held for sale, were secured by interests in leasehold land and buildings with an aggregate carrying amount of $195,318,000. In January 2017, such bank loans were fully repaid and the security was released as at 31 March 2017.

As at 31 March 2017, the bank loans of the Company of $383,188,000 (31 March 2016: $566,150,000) (the "Guaranteed Bank Loans") were guaranteed by five of its subsidiaries, namely China Bright, GMHG, GM Hospital Investment Ventures Company Limited, GM Hospital Management Company Limited and GMSC. The Company entered into an amendment and waiver deed with relevant banks in August 2016, additional security were given in the form of (i) equity pledge by three of the subsidiaries of the Group, namely, Golden Meditech Herbal Treatment (BVI) Company Limited, Qi Jie Yuan Medicine Holding (HK) Limited and Baisuihang and (ii) personal guarantee provided by Mr. Kam. The Guaranteed Bank Loans were measured at amortised cost net of transaction costs paid.

Pursuant to the Guaranteed Bank Loans agreement, the Company shall maintain interest reserve accounts for the Guaranteed Bank Loans and ensure that an amount of not less than twice of the aggregate interest due and payable on the next interest payment date is maintained in the interest reserve accounts. As at 31 March 2017, bank deposits of $17,617,000 (31 March 2016: $17,699,000) were deposited in the interest reserve accounts as disclosed in note 23. The Guaranteed Bank Loans were fully repaid in April 2017.

26 INTEREST-BEARING BORROWINGS (continued)

(b) Secured promissory notes

On 4 December 2015, COM Company Limited (as issuer), a wholly-owned subsidiary of GMSC, the Company, Mr. Kam and Blue Ocean Structure Investment Company Limited ("Blue Ocean") entered into a note subscription agreement (the "Note Subscription Agreement"), pursuant to which, Blue Ocean agreed to subscribe for the promissory notes in an aggregate principal amount of up to US$250,000,000 (equivalent to approximately $1,950,000,000) (the "Promissory Notes").

Subsequently, the issuer of the Promissory Notes has been changed from COM Company Limited to GMSC. In December 2015 and January 2016, GMSC had fully issued the Promissory Notes in an aggregate principal amount of US$250,000,000 (equivalent to approximately $1,950,000,000) to Blue Ocean, with a term of three years, subject to early redemption provisions and may be extended from three years to four or five years at the sole discretion of Blue Ocean. The Promissory Notes bear interest rate of 5% per annum and will be adjusted to 12% in the events specified under the Note Subscription Agreement. Blue Ocean will be entitled to an annualised internal rate of return equal to: (i) 15% (if the applicable interest rate is 5% during the period); or (ii) 22% (if the applicable interest rate is 12% during the period). Interest received by Blue Ocean will be included as part of its internal rate of return calculation.

The Promissory Notes are secured by (i) personal guarantee provided by Mr. Kam, and (ii) 38,352,612 ordinary shares of CCBC and convertible notes issued by CCBC with an aggregate principal amount of US$115,000,000 (equivalent to approximately $897,000,000), held by GMSC.

The Promissory Notes is initially recognised at fair value less transaction costs. Subsequent to initial recognition, the Promissory Notes is stated at amortised costs using the effective interest method.

Pursuant to certain terms of the Note Subscription Agreement, the Group does not have an unconditional right to defer the settlement of the Promissory Notes for at least 12 months after the reporting period. Thus, the Group recorded the Promissory Notes as current liabilities as at 31 March 2017 and 2016.

26 INTEREST-BEARING BORROWINGS (continued)

(b) Secured promissory notes (continued)

During the year ended 31 March 2017, the Group failed to meet certain events required in the Note Subscription Agreement. The Group is commencing negotiations with Blue Ocean on the redemption of the Promissory Notes. Up to 31 March 2017, no definite binding agreement has been reached and Blue Ocean is yet to require the Group to redeem the Promissory Notes in full or in part, at the applicable redemption price specified in the Note Subscription Agreement.

As at 31 March 2017, the Group revised its estimates of the timing and amounts of the repayments of Promissory Notes calculated by using a higher internal rate of return of 22% in accordance with the terms and conditions under the Note Subscription Agreement. Accordingly, the Group adjusted the carrying amount of the Promissory Notes at the end of the reporting period to reflect revised estimated cash flows with a corresponding loss of $206,760,000 recognised in finance costs.

The movement of the Promissory Notes is as follows:

	2017 **$'000**	2016 $'000
At beginning of the year	**2,011,151**	—
Upon issuance of the Promissory Notes, net of transaction costs	**—**	1,925,087
Interest charged during the year	**525,886**	86,064
Interest paid during the year	**(97,500)**	—
At end of the year	**2,439,537**	2,011,151

Further details of the Promissory Notes are set out in the Company's announcements dated 4 December 2015 and 5 January 2016, respectively.

27 OBLIGATIONS UNDER FINANCE LEASES

At 31 March 2017 and 2016, the Group had obligations under finance leases repayable as follows:

	2017		2016	
	Present value of minimum lease payments $'000	**Total minimum lease payments $'000**	Present value of minimum lease payments $'000	Total minimum lease payments $'000
Within one year	**3,341**	**3,365**	3,789	3,848
After one year but within two years	**2,976**	**3,220**	3,412	3,702
After two years but within five years	**6,569**	**8,457**	7,670	9,729
After five years	**10,134**	**19,734**	11,889	24,048
	19,679	**31,411**	22,971	37,479
	23,020	**34,776**	26,760	41,327
Less: Total future interest expenses		**(11,756)**		(14,567)
Present value of lease obligations		**23,020**		26,760

28 INCOME TAX IN THE CONSOLIDATED STATEMENT OF FINANCIAL POSITION

(a) Income tax payables in the consolidated statement of financial position represents:

	2017 $'000	2016 $'000
At beginning of the year	**64,134**	79,738
Exchange adjustments	**(2,512)**	(2,848)
Provision for the year	**6,072**	72,517
Transfer from deferred tax liabilities (note 28(b))	**—**	1,469
Tax paid	**(6,608)**	(76,493)
	61,086	74,383
Reclassification to liabilities of disposal group classified as held for sale (note 33)	**—**	(10,249)
At end of the year	**61,086**	64,134

28 INCOME TAX IN THE CONSOLIDATED STATEMENT OF FINANCIAL POSITION (continued)

(b) Deferred tax (assets)/liabilities recognised

(i) The components of deferred tax (assets)/liabilities recognised in the consolidated statement of financial position and the movements during the year are as follows:

	Depreciation/ amortisation allowance in excess of the related depreciation/ amortisation $'000	Intangible assets $'000	Allowance for doubtful debts $'000	Capitalised interests $'000	Withholding tax on dividends $'000	Others $'000	Total $'000
At 1 April 2015	152,120	4,205	(23,850)	8,218	13,034	(8,844)	144,883
Exchange adjustments	(6,758)	(5)	982	(340)	(747)	(585)	(7,453)
(Credited)/charged to the consolidated income statement (notes 7(a) and (b))	(2,217)	(748)	(6,813)	(1,195)	6,376	(887)	(5,484)
Transfer to income tax payable (note 28(a))	—	—	—	—	(1,469)	—	(1,469)
Reclassification to assets of disposal group classified as held for sale (note 33)	151	(3,452)	29,316	(6,683)	(17,194)	3,260	5,398
At 31 March 2016 and 1 April 2017	**143,296**	**—**	**(365)**	**—**	**—**	**(7,056)**	**135,875**
Exchange adjustments	**(8,820)**	**—**	**23**	**—**	**—**	**137**	**(8,660)**
(Credited)/charged to the consolidated income statement (notes 7(a))	**(3,795)**	**—**	**21**	**—**	**—**	**374**	**(3,400)**
At 31 March 2017	**130,681**	**—**	**(321)**	**—**	**—**	**(6,545)**	**123,815**

28 INCOME TAX IN THE CONSOLIDATED STATEMENT OF FINANCIAL POSITION (continued)

(b) Deferred tax (assets)/liabilities recognised (continued)

(ii) Reconciliation to the consolidated statement of financial position is as follows:

	2017 **$'000**	2016 $'000
Net deferred tax assets recognised in the consolidated statement of financial position	**(41,042)**	(19,365)
Reclassification to assets of disposal group classified as held for sale (note 33)	**27,624**	5,398
	(13,418)	(13,967)
Net deferred tax liabilities recognised in the consolidated statement of financial position	**137,233**	149,842
	123,815	135,875

(c) Deferred tax assets not recognised:

In accordance with the accounting policy set out in note 2(t), the Group has not recognised deferred tax assets in respect of cumulative tax losses of $1,475,752,000 (2016: $1,285,046,000), of which, $229,000 relates to the discontinuing operation (2016: $209,000), as it is not probable that future taxable profits against which the losses can be utilised will be available in the relevant tax jurisdiction and entity. Cumulative tax losses of $860,978,000 (2016: $813,088,000), of which, $229,000 relates to the discontinuing operation (2016: $209,000), do not expire under the current tax legislation, while cumulative tax losses amounting to $614,774,000 (2016: $471,958,000) will expire in five years under the current tax legislation.

28 INCOME TAX IN THE CONSOLIDATED STATEMENT OF FINANCIAL POSITION (continued)

(d) Deferred tax liabilities not recognised:

As at 31 March 2017, nil deferred tax liabilities (2016: $17,194,000, which relates to the discontinuing operation) have been recognised in respect of the withholding tax payable on the distribution of the retained profits of the Group's PRC subsidiaries generated subsequent to 1 January 2008 which the directors expect to distribute outside the PRC in the foreseeable future.

As at 31 March 2017, temporary differences relating to the undistributed profits of the Group's PRC subsidiaries amounted to $2,464,475,000 (2016: $2,131,196,000), of which, $1,420,533,000 relates to the discontinuing operation. Deferred tax liabilities of $246,447,000 (2016: $213,120,000), of which, $182,546,000 relates to the discontinuing operation (2016: $142,053,000), have not been recognised in respect of the withholding tax that would be payable on the distribution of these retained profits as the Company controls the dividend policy of these subsidiaries and it has been determined that it is probable that profits will not be distributed in the foreseeable future.

29 FINANCIAL LIABILITIES AT FAIR VALUE THROUGH PROFIT OR LOSS

As at 31 March 2017 and 2016, the financial liabilities at fair value through profit or loss recognised in the consolidated statement of financial position represent the convertible notes issued by the Company.

The movements of financial liabilities at fair value through profit or loss during the year are as follows:

	2017 **$'000**	2016 $'000
At beginning of the year	**155,339**	1,835,268
Deemed redemption of convertible notes issued by a subsidiary (note 29(b))	**—**	(2,225,785)
Interest paid on convertible notes	**(9,360)**	(68,564)
Changes in fair value of financial liabilities at fair value through profit or loss		
– continuing operations	**12,109**	17,250
– discontinuing operation (note 33)	**—**	597,170
At end of the year	**158,088**	155,339

As at 31 March 2017, the total excess of the fair values of convertible notes upon initial recognition determined using unobservable inputs over the transaction prices of $37,143,000 (2016: $37,143,000) has been deferred and has not yet been recognised in changes in fair value of financial liabilities at fair value through profit or loss.

29 FINANCIAL LIABILITIES AT FAIR VALUE THROUGH PROFIT OR LOSS (continued)

(a) Convertible notes issued by the Company

On 22 October 2014, the Company entered into a convertible notes subscription agreement with Gem Power International Limited ("Gem Power"), which is indirectly owned by CCB International (Holdings) Limited, for the issuance of a principal amount of US$20,000,000 (equivalent to approximately $156,000,000), redeemable convertible notes due 2017. In November 2014, the Company received net proceeds of $155,220,000, net of handling fee of $780,000. The notes bear interest at 5% per annum and are guaranteed by five subsidiaries of the Company (the "Guarantors"), namely China Bright, GMHG, GM Hospital Investment Ventures Company Limited, GM Hospital Management Company Limited and GMSC.

The rights of the noteholders to convert the notes into Shares are as follows:

– Conversion rights are exercisable at any time up to maturity at the noteholders' option; and

– If a noteholder exercises his/her conversion rights, the Company is required to deliver its ordinary shares initially at $1.40 per share, subject to adjustments under certain terms and conditions of the convertible notes.

On 15 July 2015 and 26 October 2015, following the completion of placing of Shares (note 31(b)(iv)) and open offer (note 31(b)(v)), the conversion price was adjusted to $1.372 per Share and $1.33 per Share, respectively.

On 27 October 2016, the Company, Gem Power and the Guarantors entered into a deed of variation, pursuant to which the Company and Gem Power have agreed to vary certain terms and conditions of the original subscription agreement and the convertible notes, including the reduction of the conversion price to $1.10 per Share and the adjustment of certain financial covenants. In addition, the Company agreed to pay a fee of US$600,000 (equivalent to approximately $4,680,000) to Gem Power, which was recognised in finance costs, as consideration to Gem Power for entering into the deed of variation.

As at 31 March 2017 and 2016, the excess of the fair value of the convertible notes upon initial recognition determined using unobservable inputs over the transaction price of $37,143,000 has been deferred and has not yet been recognised in the Group's profit or loss.

As at 31 March 2017, the convertible notes with a principal amount of US$20,000,000 (equivalent to approximately $156,000,000) remained outstanding.

The convertible notes issued by the Company is subject to the fulfilment of covenants relating to certain specific performance requirements on the Group. If the Group were to breach the covenants, drawn down would become payable on demand calculated by a formula specified in the original subscription agreement. As at 31 March 2017, none of the covenants had been breached.

Further details of the convertible notes, conversion price adjustments and the amendments of terms and conditions to the convertible notes are set out in the Company's announcements dated 22 October 2014, 15 July 2015, 23 October 2015 and 27 October 2016.

29 FINANCIAL LIABILITIES AT FAIR VALUE THROUGH PROFIT OR LOSS (continued)

(b) Convertible notes issued by CCBC

On 27 April 2012 and 3 October 2012, CCBC issued convertible notes with a face value of US$65,000,000 (equivalent to approximately $507,000,000) and US$50,000,000 (equivalent to approximately $390,000,000) to Brilliant China Healthcare Investment Limited (formerly known as KKR China Healthcare Investment Limited ("KKR")) and to the Company with maturity dates of 27 April 2017 and 3 October 2017, respectively. Both notes bear interest at 7% per annum and are unsecured.

The rights of the noteholders to convert the notes into ordinary shares of CCBC are as follows:

– Conversion rights are exercisable at any time up to maturity at the noteholders' option;

– If a noteholder exercises his/her conversion rights, CCBC is required to deliver CCBC's ordinary shares initially at US$2.838 per ordinary share, subject to adjustments under certain terms and conditions of the convertible notes; and

– Unless previously redeemed or converted, the convertible notes issued by CCBC will be redeemed at face value on 27 April 2017 and 3 October 2017, respectively.

Upon full conversion of all convertible notes issued by CCBC with an aggregate principal amount of US$115,000,000 (equivalent to approximately $897,000,000), 40,521,494 ordinary shares of CCBC will be issued, representing 33.6% of the enlarged share capital of CCBC.

Further details of the terms and conditions of the convertible notes are set out in the Company's announcement dated 18 September 2012.

29 FINANCIAL LIABILITIES AT FAIR VALUE THROUGH PROFIT OR LOSS (continued)

(b) Convertible notes issued by CCBC (continued)

(i) Transactions with respect to the convertible notes issued by CCBC due April 2017

On 4 May 2015, the Company entered into a conditional sale and purchase agreement with KKR to acquire the 7% convertible notes issued by CCBC due April 2017 in an aggregate outstanding principal amount of US$65,000,000 (equivalent to approximately $507,000,000) (the "KKR CN") from KKR for a cash consideration of not less than approximately US$159,882,000 (equivalent to approximately $1,247,080,000) (the "Former KKR SPA").

Considering the time constraint for the completion of the acquisition of KKR CN as stated under the Former KKR SPA, the Company entered into a termination agreement (the "KKR Termination Agreement") with KKR pursuant to which the parties thereunder agreed to terminate the Former KKR SPA. Instead, Magnum Opus 2 International Holdings Limited ("Magnum 2", which is controlled by Mr. Kam) entered into an agreement to acquire the KKR CN from KKR for a cash consideration of approximately US$161,784,000 (equivalent to approximately $1,261,915,000). In addition, Mr. Kam has undertaken to grant the Company a call option to acquire the KKR CN for the same consideration at a later time. This was done in order to facilitate and maintain flexibility for the arrangement of KKR CN at that time.

On 3 November 2015, the Company entered into another sale and purchase agreement with Excellent China Healthcare Investment Limited ("ECHIL"), the then-existing holder of the KKR CN and a wholly-owned subsidiary of Magnum 2, to acquire the KKR CN for a cash consideration of approximately US$161,784,000 (equivalent to approximately $1,261,915,000) (the "ECHIL CN SPA"), which is same as the consideration paid by Magnum 2 to KKR for the acquisition of KKR CN. The transaction was approved by shareholders at the extraordinary general meeting of the Company held on 4 January 2016 and was completed on 8 January 2016.

KKR CN were subsequently transferred to GMSC and charged to Blue Ocean in relation to the Promissory Notes (note 26(b)) as at 31 March 2017 and 2016.

Pursuant to the ECHIL CN SPA, the Company agreed that if the merger consideration in relation to the privatisation of CCBC by the Company (the "Privatisation") (the "Final Acquisition Price") is higher than US$6.40 per ordinary share of CCBC, the Company shall pay to ECHIL an additional payment in cash.

Further details of the Former KKR SPA, the KKR Termination Agreement and the ECHIL SPA are set out in the Company's announcements dated 4 May 2015, 26 August 2015 and 3 November 2015 and the Company's circular dated 15 December 2015, respectively.

29 FINANCIAL LIABILITIES AT FAIR VALUE THROUGH PROFIT OR LOSS (continued)

(b) Convertible notes issued by CCBC (continued)

(ii) Transactions with respect to the convertible notes issued by CCBC due October 2017

On 25 August 2014, the Company entered into a sale and purchase agreement with Magnum Opus International Holdings Limited ("Magnum", which is controlled by Mr. Kam) and Cordlife Group Limited ("CGL"), pursuant to which the Company agreed to sell and each of Magnum and CGL, agreed to acquire 50% of the convertible notes issued by CCBC due October 2017 in an aggregate outstanding principal amount of US$50,000,000 convertible notes (equivalent to approximately $390,000,000) (known as the "Magnum CN" and "CGL CN"), at an aggregate consideration of US$88,090,000 (equivalent to approximately $687,102,000). The transaction was completed on 10 November 2014. Further details of the above disposal are set out in the Company's circular dated 16 September 2014.

On 8 May 2015, the Company entered into a conditional sale and purchase agreement with Magnum to acquire the Magnum CN in an aggregate outstanding principal amount of US$25,000,000 (equivalent to approximately $195,000,000) from Magnum for a cash consideration of approximately US$61,896,000 (equivalent to approximately $482,789,000) (the "Magnum CN SPA"). The transaction was approved by shareholders at the extraordinary general meeting of the Company held on 15 October 2015 and was completed on 28 December 2015.

On 8 May 2015, the Company entered into a conditional sale and purchase agreement with CGL to acquire the CGL CN in an aggregate outstanding principal amount of US$25,000,000 (equivalent to approximately $195,000,000) from CGL for a cash consideration of approximately US$61,677,000 (equivalent to approximately $481,081,000) (the "CGL CN SPA"). The transaction was approved by shareholders at the extraordinary general meeting of the Company held on 15 October 2015 and was completed on 13 November 2015.

29 FINANCIAL LIABILITIES AT FAIR VALUE THROUGH PROFIT OR LOSS (continued)

(b) Convertible notes issued by CCBC (continued)

(ii) Transactions with respect to the convertible notes issued by CCBC due October 2017 (continued)

Magnum CN and CGL CN was subsequently transferred to GMSC and charged to Blue Ocean in relation to the Promissory Notes (note 26(b)) as at 31 March 2017 and 2016.

Pursuant to the Magnum CN SPA and CGL CN SPA, the Company agreed that if the Final Acquisition Price is higher than US$6.40 per ordinary share of CCBC, the Company shall pay to Magnum and CGL an additional payment in cash.

Further details of the Magnum SPA and CGL CN SPA are set out in the Company's announcement dated 8 May 2015 and the Company's circular dated 26 September 2015, respectively.

(iii) Conversion of the convertible notes issued by CCBC

On 6 April 2017, GMSC issued conversion notices to CCBC to fully exercise the conversion rights attaching to the convertible notes issued by CCBC in an aggregate principal amount of US$115,000,000 (equivalent to approximately $897,000,000) (the "Conversion"). As a result of the Conversion, an aggregate of 40,521,494 ordinary shares of CCBC (the "CCBC Conversion Shares") were issued to GMSC.

After the Conversion and at the date of this annual report, GMSC holds an aggregate of 78,874,106 CCBC ordinary shares, representing approximately 65.4% of the entire issued and outstanding share capital of CCBC.

30 DEFERRED INCOME

Deferred income represents prepaid cord blood stem cell examination, processing, separation and storage fees received from customers for which the related services are expected to be rendered within one year or after one year from the reporting date.

	2017 $'000	2016 $'000
Prepayments by customers prior to completion of cord blood stem cell processing service	146,459	116,456
Unearned storage fees	1,988,786	1,782,350
	2,135,245	1,898,806
Reclassification to liabilities of disposal group classified as held for sale (note 33)	(2,135,245)	(1,898,806)
	—	—
Representing:		
Current	365,310	310,205
Non-current	1,769,935	1,588,601
	2,135,245	1,898,806
Reclassification to liabilities of disposal group classified as held for sale (note 33)	(2,135,245)	(1,898,806)
	—	—

31 CAPITAL, RESERVES AND DIVIDENDS

(a) Movements in components of equity

The reconciliation between the opening and closing balances of each component of the Group's consolidated equity is set out in the consolidated statement of changes in equity. Details of the changes in the Company's components of equity between the beginning and end of the year are set out below:

	Note	Share capital $'000	Share premium $'000	Capital redemption reserve $'000	Capital reserve $'000	Retained profits $'000	Total $'000
Balance at 1 April 2016		**593,228**	**3,293,087**	**11,679**	**20,008**	**576,806**	**4,494,808**
Changes in equity for the year ended 31 March 2017:							
Total comprehensive income for the year		—	—	—	—	(190,531)	(190,531)
Cancellation of share options	34(a)	—	—	—	(9,341)	9,341	—
Balance at 31 March 2017		**593,228**	**3,293,087**	**11,679**	**10,667**	**395,616**	**4,304,277**

	Note	Share capital $'000	Share premium $'000	Capital redemption reserve $'000	Capital reserve $'000	Retained profits $'000	Total $'000
Balance at 1 April 2015		359,572	2,368,790	11,679	30,172	709,629	3,479,842
Changes in equity for the year ended 31 March 2016:							
Total comprehensive income for the year		—	—	—	—	(117,359)	(117,359)
Shares issued in lieu of cash dividends	31(b)(ii)	1,810	7,219	—	—	(25,628)	(16,599)
Shares issued upon warrants conversion	31(b)(iii)	6,707	40,237	—	—	—	46,944
Placing of Shares under general mandate	31(b)(iv)	28,000	109,703	—	—	—	137,703
Shares issued upon open offer	31(b)(v)	197,139	767,138	—	—	—	964,277
Share options lapsed		—	—	—	(10,164)	10,164	—
Balance at 31 March 2016		593,228	3,293,087	11,679	20,008	576,806	4,494,808

31 CAPITAL, RESERVES AND DIVIDENDS (continued)

(b) Share capital

	Note	2017 Number of shares '000	2017 Amount $'000	2016 Number of shares '000	2016 Amount $'000
Authorised:					
Ordinary shares of par value of $0.20 each	(i)	**5,000,000**	**1,000,000**	5,000,000	1,000,000
Issued and fully paid:					
At beginning of the year		**2,966,140**	**593,228**	1,797,859	359,572
Shares issued in lieu of cash dividends	(ii)	—	—	9,052	1,810
Shares issued upon warrants conversion	(iii)	—	—	33,533	6,707
Placing of Shares under general mandate	(iv)	—	—	140,000	28,000
Shares issued upon open offer	(v)	—	—	985,696	197,139
At end of the year		**2,966,140**	**593,228**	2,966,140	593,228

The holders of Shares are entitled to receive dividends as declared from time to time and are entitled to one vote per Share at shareholder's meetings of the Company. All ordinary shares rank equally with regard to the Company's residual assets.

(i) Authorised share capital

Effective from 1 August 2015, the authorised share capital of the Company has been increase to $1,000,000,000, divided into 5,000,000,000 Shares.

(ii) Shares issued in lieu of cash dividends

On 17 November 2015, the Company issued 9,052,165 Shares at an issue price of $0.9975 per Share as final dividend for the year ended 31 March 2015, which was approved by shareholders at the annual general meeting of the Company held on 31 July 2015. Accordingly, $1,810,000 was credited to share capital and $7,219,000 was credited to share premium.

31 CAPITAL, RESERVES AND DIVIDENDS (continued)

(b) Share capital (continued)

(iii) Shares issued upon warrants conversion

At the extraordinary general meeting of the Company held on 3 June 2014, shareholders approved the issue of bonus warrants to eligible shareholders on the basis of two warrants for every eleven Shares (the "Warrants"). A total of 310,689,390 Warrants were issued by the Company, conferring the rights in their registered form to the holders thereof to subscribe in cash of 310,689,390 new Shares at an initial subscription price of $1.40 per Share (subject to adjustments), at any time during the period commencing on 31 July 2014 and ending on 30 July 2015, both dates inclusive. The subscription price was adjusted to $1.39 per Share following the completion of the placing on 15 July 2015. The Warrants are tradable in board lots of 1,000 Warrants each, the stock code is 00481. All unexercised Warrants were lapsed upon expiry on 30 July 2015.

During the year ended 31 March 2016, 33,532,212 Shares were issued to Warrants holders. Accordingly, $6,707,000 was credited to share capital and $40,237,000 was credited to share premium.

Further details of the Warrants are set out in the Company's announcements dated 30 July 2014, 26 May 2015 and 15 July 2015 and the Company's circular dated 9 May 2014, respectively.

(iv) Placing of Shares under general mandate

On 15 July 2015, the Company completed the placing of 140,000,000 Shares to Atlantis Investment Management (Hong Kong) Limited at a price of $1.00 per Share, under the general mandate approved by shareholders at the annual general meeting of the Company held on 19 September 2014. Accordingly, $28,000,000 was credited to share capital and $109,703,000 was credited to share premium, after netting off transaction costs.

Further details of the placing are set out in the Company's announcements dated 8 July 2015 and 15 July 2015, respectively.

(v) Shares issued upon open offer

On 26 October 2015, the Company issued 985,695,846 Shares as a result of the open offer on the basis of one offer Share at the subscription price of $1.00 each for every two Shares held by eligible shareholders. Accordingly, $197,139,000 was credited to share capital and $767,138,000 was credited to share premium, after netting off transaction cost.

Further details of the open offer are set out in the Company's announcements dated 27 July 2015 and 23 October 2015 and the Company's circular dated 31 August 2015, respectively.

31 CAPITAL, RESERVES AND DIVIDENDS (continued)

(c) Reserves

Nature and purpose of reserves:

(i) Share premium

Under the Companies Law of the Cayman Islands, the funds in the share premium account of the Company are distributable to the shareholders of the Company provided that immediately following the date on which the dividend is proposed to be distributed, the Company will be in a position to pay off its debts as they fall due in the ordinary course of business.

(ii) Capital redemption reserve

Capital redemption reserve represents the nominal value of the shares repurchased which has been paid out of the distributable reserves of the Company.

(iii) Capital reserve

The capital reserve comprises the fair value of the actual or estimated number of outstanding share options and restricted share units granted to employees of the Group and the Company recognised in accordance with the accounting policy adopted for share-based payments in note 2(s)(ii).

(iv) Merger reserve

The merger reserve represents the difference between the nominal value of the share capital of subsidiaries acquired and the nominal value of shares issued by the Company in exchange thereof.

(v) Exchange reserve

The exchange reserve comprises all foreign exchange differences arising from the translation of the financial statements of operations outside Hong Kong. The reserve is dealt with in accordance with the accounting policy set out in note 2(w).

31 CAPITAL, RESERVES AND DIVIDENDS (continued)

(c) Reserves (continued)

(vi) Surplus reserve

According to the relevant rules and regulations in the PRC, certain subsidiaries are required to appropriate 10% of after-tax profit (after offsetting prior year losses), based on the PRC statutory financial statements prepared in accordance with the relevant accounting principles and financial regulations applicable to foreign investment enterprises in the PRC, to a surplus reserve until the balance of the reserve reaches 50% of their respective registered capital. Thereafter, any further appropriations can be made at the directors' discretion. The surplus reserve can be utilised to offset prior year losses, or be utilised for issuance of bonus shares on condition that the surplus reserve shall be maintained at a minimum of 25% of the registered capital after such issuance.

(vii) Fair value reserve

The fair value reserve comprises the cumulative net change in the fair value of available-for-sale securities held at the end of the reporting period and is dealt with in accordance with the accounting policy set out in note 2(h).

(viii) Other reserves

The followings are charged/credited to other reserves:

(1) the excess of purchase consideration on acquisition of non-controlling interests over the carrying value of share of net assets acquired;

(2) gain/loss on acquisition or dilution of interests in subsidiaries where the Group's interest in a subsidiary is increased/decreased without losing control; and

(3) changes in amortised costs of share repurchase obligations.

(d) Dividends and distributability of reserves

At 31 March 2017, the aggregate amount of reserves available for distribution to equity shareholders of the Company was $3,688,703,000 (2016: $3,869,893,000).

The board of directors of the Company did not recommend the payment of a final dividend for the years ended 31 March 2017 and 2016.

31 CAPITAL, RESERVES AND DIVIDENDS (continued)

(e) Capital management

The Group's primary objectives when managing capital are to safeguard the Group's ability to continue as a going concern, so that it can continue to provide returns for shareholders and benefits for other stakeholders, by pricing products and services commensurately with the level of risk and by securing access to finance at a reasonable cost.

The Group actively and regularly reviews and manages its capital structure to maintain a balance between the higher shareholder returns that might be possible with higher levels of borrowings and the advantages and security afforded by a sound capital position, and makes adjustments to the capital structure in light of changes in economic conditions.

Consistent with industry practice, the Group monitors its capital structure on the basis of a debt-to-capital ratio. For this purpose, the Group defines debt as the aggregate of interest-bearing borrowings, obligations under finance leases and financial liabilities at fair value through profit or loss. Capital comprises all components of equity.

During the year ended 31 March 2017, the Group's strategy, which was unchanged from 2016, was to maintain a stable debt-to-capital ratio. In order to maintain or adjust the ratio, the Group may adjust the amount of dividends paid to shareholders, issue new shares, return capital to shareholders, raise new debt financing or sell assets to reduce debt.

The debt-to-capital ratios at 31 March 2017 and 2016 were as follows:

	Note	2017 $'000	2016 $'000
Interest-bearing borrowings	26	**2,822,725**	2,697,537
Obligations under finance leases	27	**23,020**	26,760
Financial liabilities at fair value through profit or loss	29	**158,088**	155,339
Total debt		**3,003,833**	2,879,636
Total equity		**4,030,827**	4,468,486
Debt-to-capital ratio		**74.52%**	64.44%

Neither the Company nor any of its subsidiaries are subject to externally imposed capital requirements except for those as disclosed in notes 26 and 29(a).

32 ACQUISITIONS AND PROPOSED DISPOSALS

(a) Acquisition of additional interest in Beijing Guohua Jiedi Hospital Management Company Limited ("Beijing Guohua Jiedi")

On 18 July 2014, GMHM (China), a wholly-owned subsidiary of GMHG, entered into an equity transfer agreement to acquire 30% additional equity interest in Beijing Guohua Jiedi for a cash consideration of approximately $153,776,000 settled by instalments. $53,776,000, $50,000,000 and $50,000,000 were paid during the years ended 31 March 2015, 2016 and 2017, respectively. As at 31 March 2017, total consideration has been settled.

(b) Acquisition of additional interest in CCBC

On 8 May 2015, the Company entered into a sale and purchase agreement (the "CGL CCBC Shares SPA") with CGL to acquire the 7,314,015 ordinary shares of CCBC held by CGL at a cash consideration of approximately US$46,810,000 (equivalent to approximately $365,115,000) (the "CGL CCBC Shares Acquisition").

The CGL CCBC Shares Acquisition was completed on 10 November 2015 and was accounted for as transaction within the shareholders of CCBC in their capacity as equity holders. At completion date, $256,065,000 was debited to other reserves, representing (i) the excess of the consideration of $365,115,000 over the carrying amount of the acquired additional equity interest of $123,851,000, (ii) the related exchange reserve of $1,835,000 and (iii) the related fair value reserve of $12,966,000.

Further details of the CGL CCBC Shares Acquisition are set out in the Company's announcement dated 8 May 2015 and the Company's circular dated 26 September 2015, respectively.

On 30 November 2015, the Company entered into a sale and purchase agreement (the "Kam CCBC Shares SPA") with Mr. Kam, to acquire the 357,331 ordinary shares of CCBC held by Mr. Kam at a cash consideration of approximately US$2,287,000 (equivalent to approximately $17,839,000) (the "Kam CCBC Shares Acquisition").

The Kam CCBC Shares Acquisition was completed on 4 January 2016 and was accounted for as transaction within the shareholders of CCBC in their capacity as equity holders. At completion date, $13,161,000 was debited to other reserves, representing (i) the excess of the consideration of $17,839,000 over the carrying amount of the acquired additional equity interest of $5,785,000, (ii) the related exchange reserve of $273,000 and (iii) the related fair value reserve of $834,000.

32 ACQUISITIONS AND PROPOSED DISPOSALS (continued)

(b) Acquisition of additional interest in CCBC (continued)

Further details of the Kam CCBC Shares Acquisition are set out in the Company's announcement dated 30 November 2015 and the Company's circular dated 15 December 2015, respectively.

Pursuant to the CGL CCBC Shares SPA and Kam CCBC Shares SPA, the Company agreed that if the Final Acquisition Price is higher than US$6.40 per ordinary share of CCBC, the Company shall pay to CGL and Mr. Kam an additional payment in cash.

Upon the completions of the above-mentioned acquisitions and as at 31 March 2017 and 2016, the Company's effective equity interest in CCBC increased to 52.44%.

As disclosed in notes 29(b) and 39(a), GMSC subsequently exercised the conversion rights attaching to the convertible notes issued by CCBC in full. After the Conversion, GMSC holds approximately 65.4% of the entire issued and outstanding share capital of CCBC.

(c) Proposed disposals of the Target CCBC Shares

(i) Previous agreements

On 6 January 2016, GMSC, a wholly-owned subsidiary of the Company and a substantial shareholder of CCBC, and the Company (as guarantor) entered into the a conditional sale and purchase agreement (the "Agreement A") with Nanjing Xinjiekou Department Store Co., Ltd.* (南京新街口百貨商店股份有限公司) ("Nanjing Xinbai"), pursuant to which, GMSC conditionally agreed to sell, and Nanjing Xinbai conditionally agreed to acquire the Target CCBC Shares, at a consideration of RMB5,764,000,000 (the "Consideration A"). Consideration A shall be settled by Nanjing Xinbai by way of (i) issue of the RMB-denominated 134,336,378 new ordinary shares with a par value of RMB1.00 each of Nanjing Xinbai to be listed on the PRC domestic market at the issue price of RMB18.61 each, subject to adjustments and (ii) payment of cash consideration of RMB3,264,000,000.

GMSC and Nanjing Xinbai also entered into a profit compensation agreement dated 6 January 2016 (the "Previous Profit Compensation Agreement"), pursuant to which, GMSC guarantees that CCBC's net profit as defined in the Previous Profit Compensation Agreement for the years ended/ending 31 December 2016, 2017 and 2018 (the "Commitment Period") shall be not less than RMB300,000,000, RMB360,000,000 and RMB432,000,000 (together as the "Guaranteed CCBC Net Profit"), respectively.

If CCBC fails to meets the Guaranteed CCBC Net Profit, GMSC is required to pay the compensation amount specified under the Previous Profit Compensation Agreement, which will be settled by the shares of Nanjing Xinbai or by cash at the discretion of GMSC.

32 ACQUISITIONS AND PROPOSED DISPOSALS (continued)

(c) Proposed disposals of the Target CCBC Shares (continued)

(i) Previous agreements (continued)

On 6 January 2016, GMSC and the Company (as guarantor) entered into another conditional sale and purchase agreement with Nanjing Xinbai (the "Agreement B"), pursuant to which, GMSC conditionally agreed to sell, and Nanjing Xinbai conditionally agreed to acquire the remaining approximately 34.6% ordinary shares of CCBC, at a consideration of US$267,076,000 (the "Consideration B"), if the Privatisation is completed. Consideration B shall be settled by Nanjing Xinbai in cash.

At the extraordinary general meeting of the Company held on 15 June 2016, shareholders of the Company approved the Agreement A, the Previous Profit Compensation Agreement and the Agreement B (together as the "Previous Agreements"). Further details of the above transactions are set out in the Company's announcements dated 13 January 2016 and 2 February 2016 and the Company's circular dated 26 May 2016, respectively.

(ii) Earnest money agreements

On 29 August 2016, Nanjing Xinbai announced that after consideration of the uncertainty in regulatory policy regarding significant asset restructuring of listed companies in the PRC, the application for the China Securities Regulatory Commission's approval of its acquisition of the Target CCBC Shares was withdrawn.

To continue facilitating the proposed disposal of the Target CCBC Shares, on 1 September 2016, the Company entered into an earnest money agreement with Sanpower (the "Earnest Money Agreement"), pursuant to which, (a) Sanpower has paid to the Group an earnest money of RMB300,000,000 in cash (equivalent to approximately $348,867,000 at the date of receipt) to facilitate the sale and purchase of the Target CCBC Shares under the Agreement A or pursuant to alternative arrangement(s); and (b) the parties will use their best reasonable endeavours to enter into legally binding agreement(s) for the purposes of the alternative proposal within two months after the signing of the Earnest Money Agreement or such later period as the parties may agree. The earnest money paid to the Company by Sanpower will be fully refunded upon completion of the proposed disposal of the Target CCBC Shares.

On 31 October 2016, the Company and Sanpower entered into a supplementary agreement to the Earnest Money Agreement, pursuant to which, two months' period referred to in paragraph above had been extended to four months.

On 30 December 2016, the Company and Sanpower entered into the second supplementary agreement in relation to the Earnest Money Agreement, pursuant to which the Company shall return the earnest money to Sanpower within three business days from the earlier of (i) the date on which the consideration of the proposed disposal of the Target CCBC Shares is paid into a non-escrow bank account designated by GMSC; and (ii) the date on which the escrow money (in the same amount as the consideration of the proposed disposal of the Target CCBC Shares) is paid into a non-escrow bank account of GMSC (or its onshore affiliate) designated by GMSC.

32 ACQUISITIONS AND PROPOSED DISPOSALS (continued)

(c) Proposed disposals of the Target CCBC Shares (continued)

(iii) New agreements

On 30 December 2016, GMSC, the Company and Nanjing Xinbai entered into termination agreements to terminate the Previous Agreements.

On 30 December 2016, GMSC and the Company (as guarantor) entered into a new sale and purchase agreement (the "New Agreement") with Nanjing Ying Peng Hui Kang Medical Industry Investment Partnership (Limited Partnership)* (南京盈鵬蕙康醫療產業投資合夥企業(有限合夥)) ("Nanjing Ying Peng"), pursuant to which, GMSC conditionally agreed to sale and Nanjing Ying Peng conditionally agreed to acquire the Target CCBC Shares at a cash consideration of RMB5,764,000,000, as same as the Consideration A.

In connection with the New Agreement, GMSC and Nanjing Ying Peng entered into a new profit compensation agreement dated 30 December 2016 (the "New Profit Compensation Agreement"), pursuant to which, GMSC guarantees that CCBC's net profit as defined in the New Compensation Agreement for the Commitment Period shall be not less than the Guaranteed CCBC Net Profit.

If CCBC fails to meets the Guaranteed CCBC Net Profit, GMSC is required to pay the compensation amount by cash calculated as follow:

$$\frac{\text{Accumulated Guaranteed CCBC Net Profit for the Commitment Period} - \text{Accumulated achieved CCBC Net Profit for the Commitment Period}}{\text{the total sum of the Guaranteed CCBC Net Profit for the Commitment Period}} \times \text{RMB2,500,000,000}$$

At the extraordinary general meeting of the Company held on 22 March 2017, shareholders approved the above-mentioned termination agreements, the New Agreement and the New Profit Compensation Agreement. Further details of the termination agreements, the New Agreement and the New Profit Compensation are set out in the Company's announcement dated 30 December 2016 and the Company's circular dated 6 March 2017.

The New Agreement has not been completed at the date of this annual report.

* *English name is for identification purpose only.*

33 DISPOSAL GROUP HELD FOR SALE AND DISCONTINUING OPERATION

As at 31 March 2016, management are in the view that it is highly probable the carrying amount of CCBC will be revered through the Agreement A rather than through continuing use and the disposal group is available for sale in its present condition. In addition, the operation of CCBC is considered as separate major line of business. Accordingly, the Group classified the assets and liabilities of CCBC to disposal group held for sale and accounted for the operation of CCBC as discontinuing operation in the consolidated financial statements for the year ended 31 March 2016 in accordance with the accounting policy as set out in note 2(y)(i).

As mentioned in note 32(c), during the year ended 31 March 2017, the Group terminated the Previous Agreements under certain circumstances and entered into the New Agreement and the New Profit Compensation Agreement to further facilitate the disposal of the Target CCBC Shares. Management considered the criteria of disposal group held for sale and discontinuing operation are still met. Accordingly, management continue to classify the assets and liabilities of CCBC as disposal group held for sale and accounted for the operations of CCBC as a discontinuing operation in the consolidated financial statements for the year ended 31 March 2017.

Assets of disposal group classified as held for sale as at 31 March 2017 and 2016 are as follows:

	Note	**2017** **$'000**	2016 $'000
Property, plant and equipment		**672,038**	689,236
Intangible assets		**137,728**	146,853
Goodwill	14	**66,663**	66,663
Available-for-sale securities	19	**453,410**	422,654
Inventories	20	**102,128**	101,043
Trade and other receivables	21 and 22	**568,162**	637,160
Cash and cash equivalents	24(a)	**3,958,349**	3,617,197
Deferred tax assets	28(b)	**27,624**	5,398
		5,986,102	5,686,204

Liabilities of disposal group classified as held for sale as at 31 March 2017 and 2016 are as follows:

	Note	**2017** **$'000**	2016 $'000
Trade and other payables	25	**426,303**	396,107
Interest-bearing borrowings	26	**—**	72,141
Income tax payables		**12,836**	10,249
Deferred income	30	**2,135,245**	1,898,806
		2,574,384	2,377,303

33 DISPOSAL GROUP HELD FOR SALE AND DISCONTINUING OPERATION (continued)

Analysis of the results of the discontinuing operation in relation to cord blood storage segment is as follows:

	Note	2017 $'000	2016 $'000
Revenue	4	**876,201**	812,944
Cost of sales#*		**(144,167)**	(177,683)
Gross profit		**732,034**	635,261
Other income#	5	**26,974**	81,549
Selling expenses*		**(202,249)**	(181,607)
Administrative expenses#*		**(216,028)**	(218,382)
Impairment loss on available-for-sale securities	6(c)	**(2,943)**	(10,474)
Profit from operations		**337,788**	306,347
Finance costs	6(a)	**(1,704)**	(3,739)
Changes in fair value of financial instruments at fair value through profit or loss#	6(c)	**—**	(597,170)
Profit/(loss) before taxation	6	**336,084**	(294,562)
Income tax expense	7(b)	**(44,685)**	(62,706)
Profit/(loss) for the year from discontinuing operation		**291,399**	(357,268)

* During the year ended 31 March 2017, no depreciation of property, plant and equipment and amortisation of intangible assets were charged to profit from discontinuing operation after classification to assets of disposal group classified as held for sale on 31 March 2016 in accordance with the Group's accounting policies set out in note 2(y)(i).

During the year ended 31 March 2017, cost of sales, other income and changes in fair value of financial liabilities at fair value through profit or loss include consolidated adjustments amounting to ($19,500,000), ($30,339,000) and $281,499,000, respectively.

During the year ended 31 March 2016, cost of sales, administrative expenses and changes in fair value of financial liabilities at fair value through profit or loss include consolidated adjustments amounting to $883,000, $883,000 and ($241,878,000), respectively.

33 DISPOSAL GROUP HELD FOR SALE AND DISCONTINUING OPERATION (continued)

Analysis of the cash flows of the discontinuing operation in relation to cord blood storage segment is as follows:

	2017	2016
	$'000	$'000
Net cash generated from operating activities	**826,716**	701,379
Net cash (used in)/generated from investing activities	**(94,764)**	61,371
Net cash used in financing activities	**(180,090)**	(68,547)
Net cash generated from discontinuing operation	**551,862**	694,203

34 EQUITY SETTLED SHARE-BASED TRANSACTIONS

(a) Share option scheme

(i) The Company adopted a share option scheme on 30 March 2005 (the "Share Option Scheme") to recognise the contribution of directors and employees of the Company and its affiliates by granting share options to them as incentives or rewards. The Share Option Scheme was terminated on 16 June 2009, however, in respect of the options which remained exercisable on the said dates of termination, they shall continue to be exercisable for a period of 10 years commencing from the date of grant, subject to the provisions of the Share Option Scheme as applicable.

(Expressed in Hong Kong dollars unless otherwise indicated)

34 EQUITY SETTLED SHARE-BASED TRANSACTIONS (continued)

(a) Share option scheme (continued)

(ii) The terms and conditions of the outstanding share options as at 31 March 2017 are as follows, whereby all share options are settled by physical delivery of shares:

Grant Date	Exercise Price	Number of convertible Shares	Vesting conditions	Contract life of share options
Share options granted to directors:				
27 April 2009	$1.989	2,197,530	– up to 30% immediately after the date of grant – up to 60% immediately after 6 months from the date of grant – up to 100% immediately after 12 months from the date of grant	Expire at the close of business on 26 April 2019
Share options granted to employees:				
27 April 2009	$1.989	11,778,759	– up to 30% immediately after the date of grant – up to 60% immediately after 6 months from the date of grant – up to 100% immediately after 12 months from the date of grant	Expire at the close of business on 26 April 2019
		13,976,289		

34 EQUITY SETTLED SHARE-BASED TRANSACTIONS (continued)

(a) Share option scheme (continued)

Each share option entitles the holders to subscribe for approximately 1 Share as at 31 March 2017 and 2016.

On 7 January 2017, on behalf of the Magnum Opus 3 International Holdings Limited (the "Offeror"), China Minsheng Banking Corp., Ltd. made a general cash offers to acquire all the issued Shares of the Company (the "Share Offer"),all the outstanding convertible notes issued by the Company (the "Convertible Notes Offer") and to cancel all the outstanding options of the Company (the "Option Offer"). Pursuant to the terms of the Share Option Scheme, if a general offer is made to all the shareholders and such offer becomes or is declared to be unconditional during the option period, the independent option holders shall be entitled to exercise the share options to the full extent at any time thereafter and up to the close of such offer. All unexercised share options shall lapse upon to the close of such offer.

On 15 March 2017, the Company cancelled certain share options which were convertible to 12,239,669 Shares. Accordingly, the amounts previously recognised in the capital reserve of $9,341,000 in respect of these cancelled share options were released to retained profit in accordance with the Group's accounting policies set out in note 2(s)(ii).

As at 31 March 2017, the remaining share options which were convertible to 13,976,289 Shares (2016: 26,215,958 Shares) remained outstanding and exercisable with an exercise price of $1.989 (2016: $1.989) per Share and weight average remaining contractual life of 2.08 years (2016: 3.08 years).

The general offer was closed on 10 April 2017 all the remaining unexercised share options has lapsed thereafter.

(b) RSU scheme

At the annual general meeting of CCBC held on 18 February 2011 (the "Adoption Date"), the shareholders of CCBC approved a RSU scheme for the purpose of attracting and retaining skilled and experienced personnel. Certain administrative provisions of the RSU scheme were subsequently amended by the board of directors of CCBC in August 2014.

The grant of RSUs under the RSU scheme was then approved by shareholders of the Company at the extraordinary general meeting held on 21 October 2014. On 15 December 2014 (the "Grant Date"), CCBC granted a total of 7,300,000 RSUs to eligible directors and employees (the "RSU Grantees") under the RSU scheme.

The RSUs will be vested in whole at any time during its valid period, subject to the fulfilment of certain operational and/or financial performance targets as set by the board of directors or relevant committee of the board of CCBC, and may be amended from time to time.

34 EQUITY SETTLED SHARE-BASED TRANSACTIONS (continued)

(b) RSU scheme (continued)

Upon vesting, each RSU shall be entitled to transfer of one ordinary share of CCBC. The RSUs granted had not been vested during the years ended 31 March 2017 and 2016.

The RSUs are vested only if the RSU Grantees remained employed by CCBC. The RSU Scheme will be valid and effective for a period of ten years commencing from the Adoption Date of the RSU Scheme.

There were 7,300,000 RSUs outstanding and unexercisable at 31 March 2017 and 2016 with a weighted average remaining contract life of 1 year (2016: 2 years).

(i) Shares held for RSU scheme

On 15 December 2014, CCBC established a trust (the "Trust") to facilitate the operation of the RSU scheme and to hold ordinary shares for the benefit of the RSU Grantees as a class. The Trust is administered by a trustee (the "Trustee") pursuant to the deed of settlement entered into between CCBC and the Trustee on the same day. On the same date, out of 7,300,000 RSUs granted, 7,080,000 ordinary shares were issued by CCBC and deposited into the Trust. Such ordinary shares will be transferred to the respective RSU Grantees (or their designated nominees) when the vesting conditions are fulfilled and upon the confirmation of the board of directors of CCBC.

(ii) Fair value of RSUs

The fair value of each RSU is US$4.15, which was based on the market price of the ordinary shares of CCBC at the Grant Date.

(iii) Expected retention rate of grantees and equity settled share-based payment expenses

Management estimates the expected yearly percentage of the RSU Grantees that will stay within CCBC at the end of the vesting period (the "Expected Retention Rate") in order to determine the amount of equity settled share-based payment expenses to be recognised in the consolidated income statement. As at 31 March 2017, the Expected Retention Rate of the RSU Grantees was assessed to be 100% (2016: 100%) and during the year ended 31 March 2017, equity settled share-based payment expenses of approximately US$9,199,000 (equivalent to approximately $71,755,000) were recognised in the consolidated income statement (2016: US$9,224,000 (equivalent to approximately $71,951,000)).

35 FINANCIAL RISK MANAGEMENT AND FAIR VALUES

Exposure to credit, liquidity, interest rate and currency risks arises in the normal course of the Group's business. The Group is also exposed to equity price risk arising from its equity investments in other entities and the impact of equity prices on the fair value of convertible notes liabilities.

The Group's exposure to these risks and the financial risk management policies and practices used by the Group to manage these risks are described below.

(a) Credit risk

The Group's credit risk is primarily attributable to trade and other receivables. Management has a credit policy in place and the exposures to these credit risks are monitored on an ongoing basis.

In respect of trade and other receivables, individual credit evaluations are performed on all customers requiring credit over a certain amount. The status of the receivables is closely monitored to minimise any credit risk associated with these receivables. Trade receivables of the medical devices segment are due within 60 to 180 days from the date of billing. For receivables of the other operating segments, trade receivables are due on goods delivered or services rendered. A regular review is carried out and follow up actions are taken on overdue amounts to minimise the Group's exposure to credit risk. Cash at bank and time deposits are placed with licensed financial institutions with high credit ratings. The Group also monitors the exposure to each financial institution.

The Group's exposure to credit risk is influenced mainly by the individual characteristics of each debtor. The default risk of the industry and country in which customers operate also has an influence on credit risk. At end of the year, the Group has certain concentration of credit risk as 3% (2016: 3%) and 4% (2016: 4%) of the trade receivables were due from the Group's largest customer and the five largest customers respectively.

The Group's maximum exposure to credit risk is represented by the carrying amount of each financial asset in the consolidated statement of financial position after deducting any impairment allowance. The Group does not provide any guarantees which would expose the Group to credit risk.

Further quantitative disclosures in respect of the Group's exposure to credit risk arising from trade receivables are set out in notes 21 and 22.

35 FINANCIAL RISK MANAGEMENT AND FAIR VALUES (continued)

(b) Liquidity risk

Individual operating entities within the Group are responsible for their own cash management, including the short-term investment of cash surpluses and the raising of loans to cover expected cash demands. The Group's policy is to regularly monitor current and expected liquidity requirements to ensure that it maintains sufficient reserves of cash and readily realisable marketable securities and adequate committed lines of funding from major financial institutions to meet its liquidity requirements in the short and longer term.

The following table details the remaining contractual maturities at the end of the reporting period of the Group's financial liabilities, which are based on contractual undiscounted cash flows (including interest payments computed using contractual rates or, if floating, based on rates current at the end of the reporting period) and the earliest date the Group are required to pay.

For certain interest-bearing borrowing subject to certain clauses which can be exercised at the lender's sole discretion, the analysis shows the cash outflow based on the contractual repayment schedule and, separately, the impact to the timing of the cash outflows if the lender was to invoke their unconditional rights to call the loans with immediate effect.

		2017						2016					
	Note	Within 1 year or on demand	More than 1 year but less than 2 years	More than 2 years but less than 5 years	Over 5 years	Total	Carrying amount	Within 1 year or on demand	More than 1 year but less than 2 years	More than 2 years but less than 5 years	Over 5 years	Total	Carrying amount
		$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000
Trade and other payables	25	991,596	429,000	—	—	1,420,596	1,420,596	353,179	—	—	—	353,179	353,179
Interest-bearing borrowings	26	2,889,865	—	—	—	2,889,865	2,822,725	783,886	97,500	2,770,706	—	3,652,092	2,697,537
Obligations under finance leases	27	3,365	3,220	8,457	19,734	34,776	23,020	3,848	3,702	9,729	24,048	41,327	26,760
Convertible notes	29	195,963	—	—	—	195,963	158,088	9,360	195,963	—	—	205,323	155,339
		4,080,789	432,220	8,457	19,734	4,541,200	4,424,429	1,150,273	297,165	2,780,435	24,048	4,251,921	3,232,815
Adjustments to disclose cash flow on promissory notes based on lender's right to demand repayment		—	—	—	—	—		2,003,675	(97,500)	(2,770,706)	—	(864,531)	
		4,080,789	432,220	8,457	19,734	4,541,200		3,153,948	199,665	9,729	24,048	3,387,390	

35 FINANCIAL RISK MANAGEMENT AND FAIR VALUES (continued)

(c) Interest rate risk

The Group's interest rate risk arises primarily from deposits with banks, receivables due from third parties and a joint venture, interest-bearing borrowings and obligations under finance leases. Instruments bearing interest at variable rates and at fixed rates expose the Group to cash flow interest rate risk and fair value interest rate risk respectively. The Group is also exposed to fair value interest rate risk arising from the impact of interest rate changes on its convertible notes. The Group regularly reviews its strategy on interest rate risk management in the light of the prevailing market conditions. The Group's interest rate profile as monitored by management is set out in (i) below.

(i) Interest rate profile

The following table details the interest rate profile of the Group at the end of the reporting period:

	2017		2016	
	Effective interest rate %	$'000	Effective interest rate %	$'000
Fixed rate instruments:				
Time deposits	1.48	56,383	2.32	66,130
Trade and other receivables	7.73	1,186,363	—	—
Interest-bearing borrowings	16.48	(2,439,537)	16.48	(2,011,151)
Obligations under finance leases	8.86	(23,020)	8.80	(26,760)
		(1,219,811)		(1,971,781)
Variable rate instruments:				
Pleged bank deposits	0.01	17,617	0.01	17,699
Cash and cash equivalents	0.15	438,957	0.39	890,333
Loan to a joint venture	3.80	64,186	—	—
Interest-bearing borrowings	4.88	(383,188)	4.55	(686,386)
		137,572		221,646
		(1,082,239)		(1,750,135)

35 FINANCIAL RISK MANAGEMENT AND FAIR VALUES (continued)

(c) Interest rate risk (continued)

(ii) Sensitivity analysis

It is estimated that a general increase/decrease of 100 basis points in interest rates at 31 March 2017, with all other variables held constant, would have decreased/increased the Group's loss after tax by approximately $1,035,000/$1,035,000, and increased/decreased retained profits by approximately $930,000/$930,000 and increased/decreased non-controlling interests approximately by $105,000/$105,000 respectively (2016: decreased/increased the Group's loss after tax by approximately $2,056,000/$2,056,000, increased/decreased retained profits by approximately $1,953,000/$1,953,000 and increased/decreased non-controlling interests by approximately $103,000/$103,000 respectively).

The sensitivity analysis above indicates the instantaneous change in the Group's loss after tax (and retained profits) and other components of consolidated equity that would arise assuming that the change in interest rates had occurred at the end of the reporting period and had been applied to re-measure those financial instruments held by the Group which expose the Group to fair value interest rate risk at the end of the reporting period. In respect of the exposure to cash flow interest rate risk arising from floating rate non-derivative instruments held by the Group at the end of the reporting period, the impact on the Group's loss after tax (and retained profits) and other components of consolidated equity is estimated as an annualised impact on interest expense or income of such a change in interest rates. The analysis has been performed on the same basis for 2016.

(d) Currency risk

There is currently no hedging policy adopted by the Group with respect to its foreign exchange exposure. The Group's transactions are in Chinese Renminbi ("RMB"), Hong Kong Dollars ("HK$") and United States Dollars ("US$"). With the natural hedging of the revenue and costs denominated in RMB, the Group's foreign exchange exposure is considered to be insignificant.

The Group is exposed to currency risk through certain investments, receivables, bank deposits and bank loans which are denominated in US$, Australian Dollars ("AUD"), RMB, Singaporean Dollars ("SGD") and Japanese Yen ("JPY"). As HK$ is pegged to US$, the Company does not expect any significant movements in the US$/HK$ exchange rate.

35 FINANCIAL RISK MANAGEMENT AND FAIR VALUES (continued)

(d) Currency risk (continued)

(i) Exposure to currency risk

The following table details the Group's exposure to currency risk arising from recognised assets or liabilities denominated in a currency other than the functional currency of the entity to which they relate at the end of the reporting period:

Exposure to foreign currencies (expressed in Hong Kong dollars)

	2017					2016				
	JPY $'000	US$ $'000	RMB $'000	SGD $'000	AUD $'000	JPY $'000	US$ $'000	RMB $'000	SGD $'000	AUD $'000
Cash at banks	–	240,646	17,811	–	–	–	716,593	3,049	–	165
Time deposits	–	16,385	1,232	–	–	–	16,385	1,314	–	–
Loan to a joint venture	–	64,186	–	–	–	–	–	–	–	–
Available-for-sale securities	35,049	23,544	–	16,681	2,997	32,775	41,977	–	17,255	4,182
Trade and other receivables	6,950	1,518,498	–	1,847	–	–	–	–	–	–
Trade and other payables	–	(936,000)	–	–	–	–	–	–	–	–
Interest-bearing borrowings	–	(2,806,137)	(16,588)	–	–	–	(2,550,771)	(26,530)	–	–
Convertible notes	–	(158,088)	–	–	–	–	(155,339)	–	–	–
Overall net exposure	41,999	(2,036,966)	2,455	18,528	2,997	32,775	(1,931,155)	(22,167)	17,255	4,347

35 FINANCIAL RISK MANAGEMENT AND FAIR VALUES (continued)

(d) Currency risk (continued)

(ii) Sensitivity analysis

The following table indicates the instantaneous change in the Group's loss after tax (and retained profits) and other components of consolidated equity that would arise if foreign exchange rates to which the Group has significant exposure at the end of the reporting period had changed at that date, assuming all other risk variables remained constant. In this respect, it is assumed that the pegged rate between HK$ and US$ would be materially unaffected by any changes in movement in value of US$ against other currencies.

	2017			2016		
	Increase/ (decrease) in foreign exchange rates	Effect on loss after tax and retained profits $'000	Effect on other components of equity $'000	Increase/ (decrease) in foreign exchange rates	Effect on loss after tax and retained profits $'000	Effect on other components of equity $'000
RMB	5%	123	—	5%	(1,108)	—
	(5%)	(123)	—	(5%)	1,108	—
SGD	5%	—	834	5%	—	863
	(5%)	—	(834)	(5%)	—	(863)
AUD	5%	—	150	5%	8	209
	(5%)	—	(150)	(5%)	(8)	(209)
JPY	5%	348	1,752	5%	—	1,639
	(5%)	(348)	(1,752)	(5%)	—	(1,639)

Results of the analysis as presented in the above table represent an aggregation of the instantaneous effects on each of the Group entities' (loss)/profit after tax and equity measured in the respective functional currencies, translated into HK$ at the exchange rates ruling at the end of the reporting period for presentation purposes.

The sensitivity analysis assumes that the change in foreign exchange rates had been applied to re-measure those financial instruments held by the Group which expose the Group to currency risk at the end of the reporting period. The analysis excludes differences that would result from the translation of the financial statements of operations outside Hong Kong into the Group's presentation currency. The analysis has been performed on the same basis for 2016.

35 FINANCIAL RISK MANAGEMENT AND FAIR VALUES (continued)

(e) Equity price risk

The Group is exposed to equity price risk arising from changes in share prices equity investments classified as available-for-sale securities (note 19). Other than unquoted securities held for strategic purposes, all of these investments are listed.

Decisions to buy or sell trading securities are based on daily monitoring of the performance of individual securities compared to that of the relevant index and other industry indicators, as well as the Group's liquidity needs. Listed investments held in the available-for-sale portfolio have been chosen based on their longer term growth potential and are monitored regularly for performance against expectations.

All of the Group's unquoted investments are held for long term strategic purposes. Their performance is assessed at least bi-annually against performance of similar listed entities, based on the limited information available to the Group, together with an assessment of their relevance to the Group's long term strategic plans.

The Group is also exposed to equity price risk arising from changes in share prices of the Company and a subsidiary to the extent on the Group's convertible notes.

	31 March 2017				
	Increase/ (decrease)	Effect on loss after tax $'000	Effect on retained profit $'000	Effect on other components of equity $'000	Effect on non-controlling interest $'000
Fair value of the Group's investments in listed securities	10%	—	—	1,881	—
	(10%)	—	—	(1,881)	—
Equity price of the Company	10%	13,083	(13,083)	—	—
	(10%)	(8,424)	8,424	—	—

35 FINANCIAL RISK MANAGEMENT AND FAIR VALUES (continued)

(e) Equity price risk (continued)

	31 March 2016				
	Increase/ (decrease)	Effect on loss after tax $'000	Effect on retained profit $'000	Effect on other components of equity $'000	Effect on non-controlling interest $'000
Fair value of the Group's investments in listed securities	10%	—	—	2,056	—
	(10%)	—	—	(2,056)	—
Equity price of the Company	10%	4,158	(4,158)	—	—
	(10%)	(5,402)	5,402	—	—

The sensitivity analysis above indicates the instantaneous change in the Group's loss after tax, retained profits, other components of consolidated equity and non-controlling interests that would arise assuming that the changes in the fair value of equity securities had occurred at the end of the reporting period and had been applied to re-measure those financial instruments held by the Group which expose the Group to equity price risk at the end of the reporting period. It is also assumed that none of the Group's available-for-sale investments would be considered impaired as a result of the decrease in the fair value of the equity securities and that all other variables remain constant. The analysis has been performed on the same basis for 2016.

35 FINANCIAL RISK MANAGEMENT AND FAIR VALUES (continued)

(f) Fair value measurement

(i) *Financial assets and liabilities measured at fair value*

Fair value hierarchy

The following table presents the fair value of the Group's financial instruments measured at end of the year on a recurring basis, categorised into the three-level fair value hierarchy as defined in HKFRS 13 Fair value measurement. The level into which a fair value measurement is classified is determined with reference to the observability and significance of the inputs used in the valuation technique as follows:

– Level 1 valuations: Fair values measured using only Level 1 inputs i.e. unadjusted quoted prices in active markets for identical assets or liabilities at the measurement date

– Level 2 valuations: Fair values measured using only Level 2 inputs i.e. observable inputs which fail to meet Level 1, and not using significant unobservable inputs. Unobservable inputs are inputs for which market data are not available

– Level 3 valuations: Fair values measured using significant unobservable inputs

		Fair value measurements at 31 March 2017 categorised into		
	Fair value at 31 March 2017 $'000	Level 1 $'000	Level 2 $'000	Level 3 $'000
Assets:				
Available-for-sale securities	18,806	175	—	18,631
Derivative financial assets				
– warrant issued by an associate	5,729	—	—	5,729
Liabilities:				
Financial liabilities at fair value through profit or loss				
– Convertible notes	158,088	—	—	158,088

35 FINANCIAL RISK MANAGEMENT AND FAIR VALUES (continued)

(f) Fair value measurement (continued)

(i) Financial assets and liabilities measured at fair value (continued)

	Fair value at 31 March 2016 $'000	Fair value measurements at 31 March 2016 categorised into Level 1 $'000	Level 2 $'000	Level 3 $'000
Assets:				
Available-for-sale securities	20,562	1,357	—	19,205
Liabilities:				
Financial liabilities at fair value through profit or loss				
– Convertible notes	155,339	—	—	155,339

During the years ended 31 March 2017 and 2016, there was no transfer between instruments in Level 1 and Level 2, or transfers into or out of Level 3. The Group's policy is to recognise transfers between levels of fair value hierarchy as at the end of the reporting period in which they occur.

Information about Level 3 fair value measurements

The estimates of the fair value of the convertible notes issued by the Company and the Cellenkos Warrant are measured using a binomial lattice model and Black-Scholes model, respectively with the following assumptions:

	2017 Issued by the Company	2016 Issued by the Company
Convertible notes		
Share price	**$1.26**	$1.06
Expected volatility	**21.54%**	55.81%
Expected dividends	**0.00%**	2.28%
Risk-free interest rate	**0.95%**	0.69%
Warrant		
Share price	**US$2.905**	—
Expected volatility	**61.55%**	—
Expected dividends	**0.00%**	—
Risk-free interest rate	**0.73%**	—

The movements during the year of the convertible notes issued by the Company and the Cellenkos Warrant are disclosed in notes 29 and 16, respectively.

35 FINANCIAL RISK MANAGEMENT AND FAIR VALUES (continued)

(f) Fair value measurement (continued)

(ii) Fair values of financial instruments carried at other than fair value

The carrying amounts of the Group's and the Company's financial instruments carried at cost or amortised cost are not materially different from their fair values as at 31 March 2017 and 2016 except for the following financial instruments:

(1) Amounts due from/to subsidiaries of the Group and/or the Company are unsecured, interest-free and have no fixed repayment terms. Given these terms, it is not meaningful to disclose their fair values.

(2) Unlisted equity securities of $59,465,000 (2016: $75,627,000) do not have a quoted market price in an active market and therefore their fair values cannot be reliably measured. They are held for strategic purposes and recognised at cost less impairment losses at end of the year.

36 COMMITMENTS

(a) Capital commitments for the acquisition of property, plant and equipment outstanding at 31 March 2017 and 2016 not provided for in the financial statements were as follows:

	2017	2016
	$'000	$'000
Contracted for	**1,635**	3,951

(b) As at 31 March 2017 and 2016, the total future minimum lease payments under non-cancellable operating leases are payable as follows:

	2017	2016
	$'000	$'000
Within 1 year	**15,546**	14,304
After 1 year but within 5 years	**11,609**	20,622
	27,155	34,926

The Group leases a number of properties under operating leases. The leases typically run for an initial period of one to five years, with an option to renew the leases upon expiry when all terms are renegotiated. None of the leases includes contingent rentals.

Lease term of properties of the Group situated on land held under operating leases are disclosed in note 12(e).

37 EMPLOYEE RETIREMENT BENEFITS

The Group operates a Mandatory Provident Fund Scheme ("the MPF scheme") under the Hong Kong Mandatory Provident Fund Schemes Ordinance for employees employed under the jurisdiction of the Hong Kong Employment Ordinance and not previously covered by the defined benefit retirement plan. The MPF scheme is a defined contribution retirement plan administered by independent trustees. Under the MPF scheme, the employer and its employees are each required to make contributions to the plan at 5% of the employees' relevant income, subject to a cap of monthly relevant income of $30,000. Contributions to the plan vest immediately.

As stipulated by the labour regulations of the PRC, the Group also participates in various defined contribution retirement plans organised by municipal and provincial governments for its employees. The Group is required to make contributions to the retirement plans at approximately 20% of the eligible employees' salaries for the year ended 31 March 2017.

As disclosed in note 8, the Company also granted the Retirement Benefits Scheme to the directors of the Company.

The Group has no other significant obligation for the payment of its employees' retirement and other post-retirement benefits other than the contributions described above.

38 MATERIAL RELATED PARTY TRANSACTIONS

(a) Key management personnel remuneration

Key management personnel remuneration represents amounts paid to the Company's directors as disclosed in note 8 and the highest paid employees as disclosed in note 9.

(b) Transactions with related companies

(i) Transactions with Magnum

As disclosed in note 29(b)(ii), on 8 May 2015, the Company entered into a sale and purchase agreement with Magnum, which is controlled by Mr. Kam, Chairman of the Company and CCBC, to acquire 50% of the convertible notes issued by CCBC due October 2017 at an aggregate purchase price of approximately US$61,896,000 (equivalent to approximately $482,789,000) from Magnum.

(ii) Transaction with ECHIL

As disclosed in note 29(b)(i), on 3 November 2015, the Company entered into a sale and purchase agreement with ECHIL, a wholly-owned subsidiary of Magnum 2 and controlled by Mr. Kam, to acquire the convertible notes issued by CCBC due April 2017 at an aggregate purchase price of approximately US$161,784,000 (equivalent to approximately $1,261,915,000).

38 MATERIAL RELATED PARTY TRANSACTIONS (continued)

(b) Transactions with related companies (continued)

(iii) Transaction with Bio Garden Inc. ("Bio Garden")

On 27 July 2015, the Company and Bio Garden, a company incorporated in BVI with limited liability and is wholly-owned by certain discretionary trusts of which Mr. Kam was the founder, entered into a underwriting agreement relating to an open offer (the "Underwriting Agreement") setting out the terms of open offer and the underwriting of the open offer by Bio Garden, including the basis of the open offer, the subscription price of $1.0 and the underwriting commission of 2% of the total subscription price in respect of 976,332,383 underwriting shares, being the maximum number of underwriting shares to be taken up by Bio Garden.

As disclosed in note 31(b)(v), the open offer was completed on 26 October 2015 and the Company paid underwriting commission of $19,527,000 to Bio Garden in accordance with the Underwriting Agreement during the year ended 31 March 2016.

(iv) Transactions with Mr. Kam

As disclosed in note 32(b), on 30 November 2015, the Company entered into a sale and purchase agreement with Mr. Kam, to acquire his 357,331 ordinary shares of CCBC at an aggregate consideration of approximately US$2,287,000 (equivalent to approximately $17,839,000).

As disclosed in note 26(b), Mr. Kam provided personal guarantee to the Promissory Notes issued by a subsidiary of the Group with an aggregate principal amount of US$250,000,000 (equivalent to approximately $1,950,000,000) as at 31 March 2016 and 2017.

As disclosed in note 26(a), Mr. Kam provided personal guarantee to the Guaranteed Bank Loans of the Company with an outstanding amount of $383,188,000 as at 31 March 2017.

(v) Financing arrangement with GM Javadi

As disclosed in note 17, as at 31 March 2017, the Group provided financing to a subsidiary of GM Javadi with a carrying amount of $67,061,000, which included a loan with a principal of US$8,229,000 (equivalent to approximately $64,186,000) for a period of 5 years at the United States prime rate. During the year ended 31 March 2017, interest income from loan to GM Javadi was approximately $535,000 (2016: Nil).

(c) Applicability of the Listing Rules relating to connected transactions

The related party transaction in respect of note 38(b) above constitutes connected transactions as defined in Chapter 14A of the Listing Rules. The disclosures required by Chapter 14A of the Listing Rules are provided in the section "Report of the directors".

The related party transaction in respect of the directors' remuneration constitutes continuing connected transactions as defined in Chapter 14A of the Listing Rules, however they are exempted from the disclosure requirements in Chapter 14A of the Listing Rules.

39 NON-ADJUSTING EVENTS AFTER THE REPORTING PERIOD

(a) As disclosed in note 29(b)(iii), as a result of the Conversion, an aggregate of 40,521,494 CCBC Conversion Shares were issued to GMSC and GMSC holds an aggregate of 78,874,106 CCBC ordinary shares, representing approximately 65.4% of the entire issued and outstanding share capital of CCBC Further details of the Conversion are set out in the Company's announcement dated 6 April 2017.

(b) On 13 April 2017, the Company received a letter from the board of directors of CCBC and was informed that in view of the development regarding the Company's beneficial ownership in CCBC, including but not limited to the Group's disposal of the Target CCBC Shares, the Group's future plans regarding CCBC after the disposal is completed and the overall viability of the Privatisation, the board of directors of CCBC has resolved to terminate any further evaluation of or negotiation regarding the Privatisation. As such, the Company will not continue to pursue the Privatisation. Therefore, the obligations of additional payments as required under ECHIL CN SPA (note 29(b)(i)), Magnum CN SPA (note 29(b)(ii)), CGL CN SPA (note 29(b)(ii)), CGL CCBC Shares SPA (note 32(b)) and Kam CCBC Shares SPA (note 32(b)) will not be executed. Further details are set out in the Company's announcement dated 13 April 2017.

40 COMPANY-LEVEL STATEMENT OF FINANCIAL POSITION

	2017 $'000	2016 $'000
Non-current assets		
Property, plant and equipment	343	152
Interests in subsidiaries	4,606,383	4,587,377
Interests in an associate	32,311	—
Amounts due from a joint venture	67,061	—
	4,706,098	4,587,529
Current assets		
Derivative financial assets	5,729	—
Other receivables	269,090	8,818
Time deposits	17,617	17,699
Cash and cash equivalents	243,591	647,087
	536,027	673,604
Current liabilities		
Other payables	396,572	44,836
Interest-bearing borrowings	383,188	566,150
Financial liabilities at fair value through profit or loss	158,088	—
	937,848	610,986
Net current (liabilities)/assets	(401,821)	62,618
Total assets less current liabilities	4,304,277	4,650,147
Non-current liability		
Financial liabilities at fair value through profit or loss	—	155,339
	—	155,339
NET ASSETS	4,304,277	4,494,808
CAPITAL AND RESERVES (note 31(a))		
Share capital	593,228	593,228
Reserves	3,711,049	3,901,580
TOTAL EQUITY	4,304,277	4,494,808

(Expressed in Hong Kong dollars unless otherwise indicated)

41 IMMEDIATE AND ULTIMATE CONTROLLING PARTY

At 31 March 2017, the directors consider the immediate parent and ultimate controlling party of the Group to be Bio Garden which is incorporated in BVI. This entity does not produce financial statements available for public use.

42 POSSIBLE IMPACT OF AMENDMENTS, NEW STANDARDS AND INTERPRETATIONS ISSUED BUT NOT YET EFFECTIVE FOR THE YEAR ENDED 31 MARCH 2017

Up to the date of issue of these financial statements, the HKICPA has issued a number of amendments and new standards which are not yet effective for the year ended 31 March 2017 and which have not been adopted in these financial statements. These include the following which may be relevant to the Group.

	Effective for accounting periods beginning on or after
Amendments to HKAS 7, *Statement of cash flows: Disclosure initiative*	1 January 2017
Amendments to HKAS 12, *Income taxes: Recognition of deferred tax assets for unrealised losses*	1 January 2017
HKFRS 9, *Financial instruments*	1 January 2018
HKFRS 15, *Revenue from contracts with customers*	1 January 2018
Amendments to HKFRS 2, *Share-based payment: Classification and measurement of share-based payment transactions*	1 January 2018
HKFRS 16, *Leases*	1 January 2019

The Group is in the process of making an assessment of what the impact of these amendments and new standards is expected to be in the period of initial application. So far the Group has identified some aspects of the new standards which may have a significant impact on the consolidated financial statements. Further details of the expected impacts are discussed below. As the Group has not completed its assessment, further impacts may be identified in due course and will be taken into consideration when determining whether to adopt any of these new requirements before their effective date and which transitional approach to take, where there are alternative approaches allowed under the new standards.

42 POSSIBLE IMPACT OF AMENDMENTS, NEW STANDARDS AND INTERPRETATIONS ISSUED BUT NOT YET EFFECTIVE FOR THE YEAR ENDED 31 MARCH 2017 (continued)

HKFRS 9, Financial instruments

HKFRS 9 will replace the current standard on accounting for financial instruments, HKAS 39, *Financial instruments: Recognition and measurement.* HKFRS 9 introduces new requirements for classification and measurement of financial assets, calculation of impairment of financial assets and hedge accounting.

Based on the preliminary assessment, the Group expects that the application of HKFRS 9 in the future may have a material impact on the amounts reported in respect of available-for-sale securities, as these may have to be measured at fair value at the end of subsequent reporting periods with changes in fair value being recognised either in profit or loss or other comprehensive income. However, a more detailed analysis is required to determine the extent of the impact.

HKFRS 16, Leases

As disclosed in note 2(k), currently the Group classifies leases into finance leases and operating leases and accounts for the lease arrangements differently, depending on the classification of the lease. The Group enters into some leases as the lessor and others as the lessee.

HKFRS 16 will primarily affect the Group's accounting as a lessee of leases for properties, plant and equipment which are currently classified as operating leases. The application of the new accounting model is expected to lead to an increase in both assets and liabilities and to impact on the timing of the expense recognition in the statement of profit or loss over the period of the lease. As disclosed in note 36(b), at 31 March 2017 the Group's future minimum lease payments under non-cancellable operating leases amount to $27,155,000 for properties and other assets, the majority of which is payable either between 1 and 3 years after the reporting date. Some of these amounts may therefore need to be recognised as lease liabilities, with corresponding right-of-use assets, once HKFRS 16 is adopted. The Group will need to perform a more detailed analysis to determine the amounts of new assets and liabilities arising from operating lease commitments on adoption of HKFRS 16, after taking into account the applicability of the practical expedient and adjusting for any leases entered into or terminated between now and the adoption of HKFRS 16 and the effects of discounting.

HKFRS 16 is not expected to impact significantly on the way that lessors account for their rights and obligations under a lease.

FIVE-YEAR FINANCIAL SUMMARY

A summary of the published financial information of the Group, re-presented as appropriate, is set out below:

RESULTS

	Year ended 31 March 2013 HK$'000	Year ended 31 March 2014 HK$'000	Year ended 31 March 2015 HK$'000	Year ended 31 March 2016 HK$'000	**Year ended 31 March 2017 HK$'000**
Revenue	431,797	380,872	269,582	281,558	**230,666**
Profit/(loss) from operations	3,832	(632,807)	(34,862)	(265,240)	**(312,168)**
Finance costs	(34,747)	(60,066)	(66,284)	(144,467)	**(572,119)**
Changes in fair value of financial instruments at fair value through profit or loss	31,457	(105,472)	8,551	(17,250)	**(13,633)**
Loss on deemed disposal of partial interest in an associate	—	(33,072)	—	—	**—**
Gain on disposal of interest in associates	8,527	—	—	—	**—**
Share of profits/(losses) in associates and joint ventures	85,292	(21,359)	—	—	**(1,531)**
(Impairment loss)/reversal of impairment loss on investment in Fortress Group Limited	—	—	(759,934)	—	**734,525**
Impairment loss on goodwill	—	—	—	—	**(294,995)**
Profit/(loss) before taxation	94,361	(852,776)	(852,529)	(426,957)	**(459,921)**
Income tax (expense)/credit	(41,538)	106,665	(18,442)	(4,327)	**(2,672)**
Profit/(loss) for the year from continuing operation	52,823	(746,111)	(870,971)	(431,284)	**(462,593)**
Profit/(loss) for the year from discontinuing operation	155,944	33,247	(10,466)	(357,268)	**291,399**
Attributable to:					
Equity shareholders of the company					
– continuing operations	61,730	(574,544)	(863,747)	(405,561)	**(436,770)**
– discontinuing operation	73,930	145,463	57,887	(280,951)	**289,649**
	135,660	(429,081)	(805,860)	(686,512)	**(147,121)**
Non-controlling interests					
– continuing operations	(8,907)	(171,567)	(7,224)	(25,723)	**(25,823)**
– discontinuing operation	82,014	(112,216)	(68,353)	(76,317)	**1,750**
	73,107	(283,783)	(75,577)	(102,040)	**(24,073)**
Profit/(loss) for the year	208,767	(712,864)	(881,437)	(788,552)	**(171,194)**

ASSETS AND LIABILITIES

	As at 31 March				
	2013	2014	2015	2016	**2017**
	HK$'000	HK$'000	HK$'000	HK$'000	**HK$'000**
Property, plant and equipment	3,371,830	3,646,819	3,774,974	2,891,516	**2,688,760**
Intangible assets	975,354	167,904	161,876	—	**—**
Goodwill	571,222	579,246	582,365	491,410	**168,318**
Interests in associates	792,880	—	—	—	**32,311**
Interests in joint ventures	62,951	—	—	—	**68,850**
Available-for-sale securities	480,029	519,012	483,139	96,189	**78,271**
Inventories	48,482	60,212	73,074	—	**—**
Trade and other receivables	571,645	550,523	508,673	—	**1,186,363**
Deferred tax assets	29,169	13,588	18,261	13,967	**13,418**
	6,903,562	5,537,304	5,602,362	3,493,082	**4,236,291**
Current assets	2,797,898	4,075,841	4,552,024	1,113,697	**1,005,944**
Assets of disposal group classified as held for sale	—	—	—	5,686,204	**5,986,102**
Total assets	9,701,460	9,613,145	10,154,386	10,292,983	**11,228,337**
Current liabilities	(1,490,510)	(1,501,496)	(1,051,296)	(3,118,639)	**(4,036,836)**
Liabilities of disposal group classified as held for sale	—	—	—	(2,377,303)	**(2,574,384)**
Total assets less current liabilities	8,210,950	8,111,649	9,103,090	4,797,041	**4,617,117**
Non-current liabilities	(2,084,609)	(2,261,165)	(4,466,839)	(328,555)	**(586,290)**
Net assets	6,126,341	5,850,484	4,636,251	4,468,486	**4,030,827**
Attributable to:					
Equity shareholders of the Company	4,465,441	4,492,861	3,589,275	3,672,800	**3,323,940**
Non-controlling interests	1,660,900	1,357,623	1,046,976	795,686	**706,887**
Total equity	6,126,341	5,850,484	4,636,251	4,468,486	**4,030,827**

CORPORATE INFORMATION

EXECUTIVE DIRECTORS

Mr. KAM Yuen *(Chairman)*
Mr. KONG Kam Yu

NON-EXECUTIVE DIRECTORS

Ms. ZHENG Ting
Mr. GAO Yue

INDEPENDENT NON-EXECUTIVE DIRECTORS

Prof. CAO Gang
Mr. FENG Wen
Prof. GU Qiao
Mr. Daniel FOA

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PRINCIPAL PLACE OF BUSINESS IN HONG KONG

48/F, Bank of China Tower
1 Garden Road
Central
Hong Kong

PLACE OF LISTING AND STOCK CODE

The Stock Exchange of Hong Kong Limited
Stock Code: 801

Taiwan Stock Exchange Corporation
Taiwan Depositary Receipts Code: 910801

QUALIFIED ACCOUNTANT AND COMPANY SECRETARY

Mr. KONG Kam Yu, ACA, AHKSA

COMPLIANCE OFFICER

Mr. KAM Yuen

AUDIT COMMITTEE MEMBERS

Prof. CAO Gang *(Chairman)*
Mr. FENG Wen
Prof. GU Qiao

REMUNERATION COMMITTEE MEMBERS

Mr. FENG Wen *(Chairman)*
Prof. CAO Gang
Prof. GU Qiao

NOMINATION COMMITTEE MEMBERS

Mr. FENG Wen *(Chairman)*
Prof. CAO Gang
Prof. GU Qiao

AUTHORISED REPRESENTATIVES

Mr. KAM Yuen
Ms. ZHENG Ting

LEGAL ADVISERS TO THE COMPANY

as to Hong Kong law
Minter Ellison Lawyers

AUDITORS

KPMG

PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE IN THE CAYMAN ISLANDS

Estera Trust (Cayman) Limited
(Formerly known as "Appleby Trust (Cayman) Ltd")

BRANCH SHARE REGISTRAR AND TRANSFER OFFICE IN HONG KONG

Computershare Hong Kong Investor Services Limited

PRINCIPAL BANKERS

Bank of China (Hong Kong) Limited
China CITIC Bank International Limited
China Construction Bank – Beijing Branch
Taiwan Cooperative Bank (Hong Kong Branch)

INVESTOR RELATIONS

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