GOLDEN MEDITECH COMPANY LIMITED
金衛醫療科技有限公司

(Incorporated in the Cayman Islands with limited liability)
(Stock Code: 801)

Annual Report 08/09

Enhancing
Shareholders'
Value

Contents

Corporate Profile

Golden Meditech Company Limited (the "Company" or "Golden Meditech"; stock code: 801), together with its subsidiaries (collectively referred to as the "Group"), is a leading healthcare corporation in China. Golden Meditech operates an integrated portfolio of healthcare businesses including the manufacturing of medical devices, the provision of healthcare services and the production of natural herbal medicines. It has gained dominant market positions in all business segments. As the first healthcare company listed outside Mainland China, the Company debuted on the Growth Enterprise Market ("GEM") of the Stock Exchange of Hong Kong in December 2001 and transferred its listing to the Main Board in June 2009. The Group's mission is to contribute to people's health and welfare through the development and generalisation of advanced medical technology, and to create value for its shareholders.

The Medical Device Segment is primarily engaged in the development, manufacture, sales and distribution of blood-related medical apparatus and personal health monitoring devices. The segment has focused on the development of technologies for blood recovery, purification, treatment and preservation during surgery. The segment's products include the Autologous Blood Recovery System, the first of its kind to obtain the approval of State Food and Drug Administration ("SFDA") for manufacture in China, the Plasma Exchange System and the Accelerated Thermostatic Infusion Pump. The segment is engaged in the development of pioneering medical equipment in collaboration with a number of research institutes in China, and the development of personal health monitoring devices to improve people's health and quality of life.

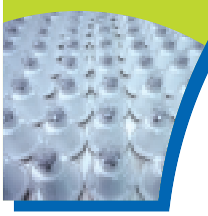
The Healthcare Service Segment includes hospital management and cord blood bank operations. The Hospital Management operation includes the first nationwide hospital management license granted to a foreign enterprise and the largest private hematologist hospitals network in China. The Group strives to develop hospital management businesses that have synergies with its existing operations. The Cord Blood Bank Division provides collection, testing, processing, and storage services for blood stem cells extracted from the umbilical cord blood of newborn babies. As the first and largest private cord blood bank operator in China, the division has exclusive operations in Beijing and Guangdong Province and is also the single largest shareholder of Cordlife Ltd, Southeast Asia's largest cord blood bank operator. Aside from being used in the treatment of blood diseases and immune system disorders, the potential offered by blood stem cells in other clinical applications are vast.

The Natural Herbal Medicine Segment is engaged in the development, manufacture and sales of natural herbal medicines in China. It also owns a retail chain for natural herbal healthcare products in England and Ireland.

The Strategic Investment Segment includes a 37.8% equity interest in Union China National Medical Equipment Co. Ltd., the largest medical device distributor in China and a 32.5% equity interest in Beijing Pypo Technology Group Company Limited, a nationwide fast-moving consumer electronics distributor.

Medical Devices

- Blood-related medical equipment
- Personal health monitoring products
- Nationwide sales networks
- Research and development



Healthcare Services

- Cord blood stem cell banking
- Matching services for blood stem cell transplants
- Hospital management services

GOLDEN MEDITECH

Stock Code: 801

Strategic Investments

- Focus on medical and healthcare industries
- Mergers and acquisitions which have synergy with existing operations
- Strategically related investments

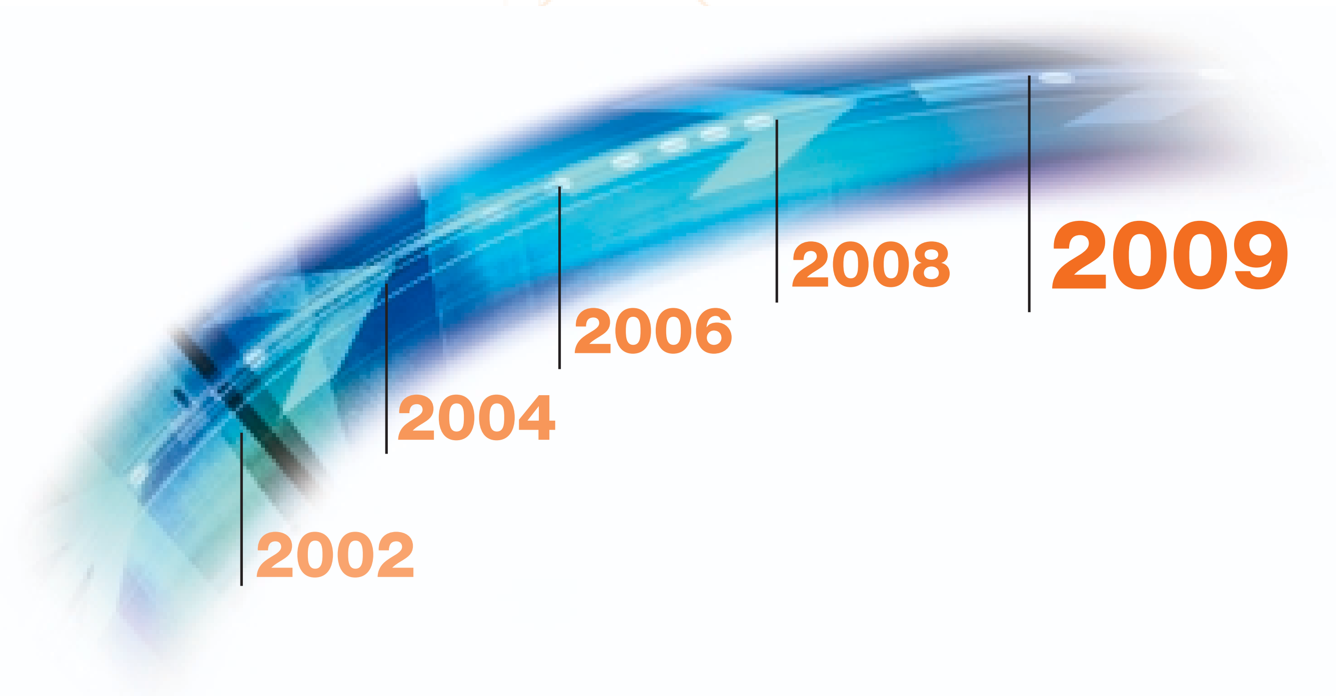
Natural Herbal Medicines

- Natural herbal medicines development and manufacturing
- Natural herbal remedies and healthcare retail chains in Europe
- Research and development

Corporate History and Milestones

Golden Meditech's Corporate History and Milestones

2000	• ABRS (Autologous Blood Recovery System) approved by the State Food and Drug Administration (SFDA)
2001	• Golden Meditech was listed on the Growth Enterprise Market ("GEM") of the Stock Exchange of Hong Kong ("HKEX") (Stock code: 8180)
2002	• Opening of medical device production facilities in Beijing
2003	• Strategic investment in China Medical Technologies Inc. ("CMED")
	• Commencement of cord blood bank operation in Beijing
2004	• Expansion into Chinese herbal medicine operation
2005	• CMED went IPO on NASDAQ
	• Chinese medicine manufacturing facilities in Shanghai obtained GMP certification
2006	• Successful private placement of the Cord Blood Bank subsidiary with a pre-money valuation at US$100 million
	• Strategic investment in fast-moving consumer electronics distribution channel, Beijing Pypo Technology Group Company Limited ("Pypo")
2007	• Successful private placement of the Cord Blood Bank subsidiary with a pre-money valuation at US$200 million
	• Commencement of the cord blood bank operation in Guangdong Province
	• Successful private placement of US$90 million that gave Pypo a post-money valuation at US$270 million
2008	• Merger with a retail chain operator of natural herbal medicines in England and Ireland
	• Announced strategic entry into hospital management and service business
	• Plasma Exchange System and Accelerated Thermostatic Infusion Pump approved by SFDA
	• New cord blood storage facilities in operation in Guangdong Province
2009	• New cord blood storage facilities in operation in Beijing
	• Transferred listing from GEM to Main Board of HKEX in June 2009 (Stock code: 801)
	• Successful listings of the Cord Blood Bank division and Pypo in the United States
	• Completion of the acquisition of hospital management and service operations

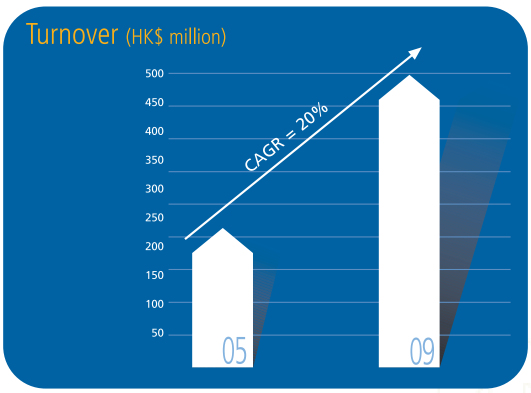


Chairman's
Statement

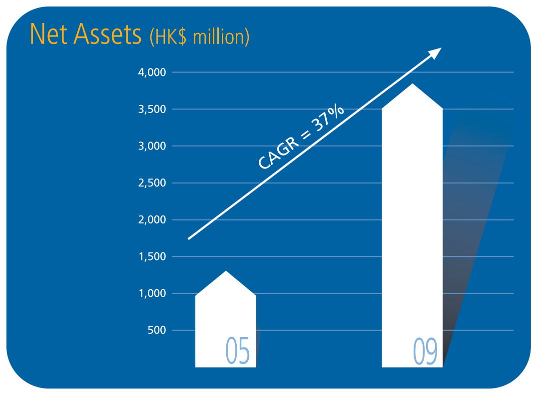
Dear shareholders,

The financial year under review proved to be an extraordinary 12 months for Golden Meditech Company Limited ("Golden Meditech" or "the Group"), with both challenges and opportunities encountered. On the one hand, we experienced a number of uncertainties relating to exogenous events, not least of which were the catastrophic earthquake in Sichuan Province in May, the Beijing Olympic Games over the summer and the global financial crisis beginning in the second half of the year. On the other hand, we identified unparalleled new business opportunities, particularly relating to the long-awaited rollout of China's medical reform plan. As a market leader in medical devices and healthcare services in China, we looked to stay one step ahead of these developments, endeavouring to tackle any challenges while driving a steady growth of key operations. We believe our efforts over the year have laid solid foundations for the Group to continue to grow, even as business conditions rapidly evolve in China.

For the year ended 31 March 2009, the Group's total turnover reached HK$497,756,000, representing an 18% increase compared with the previous financial year. The gross margin generated by our core businesses was stable and remains higher than most of our industry peers. The Group's profit from operations (excluding other net loss/income which are mainly one-off items) amounted to HK$302,937,000, representing an increase of 49% from the previous year.



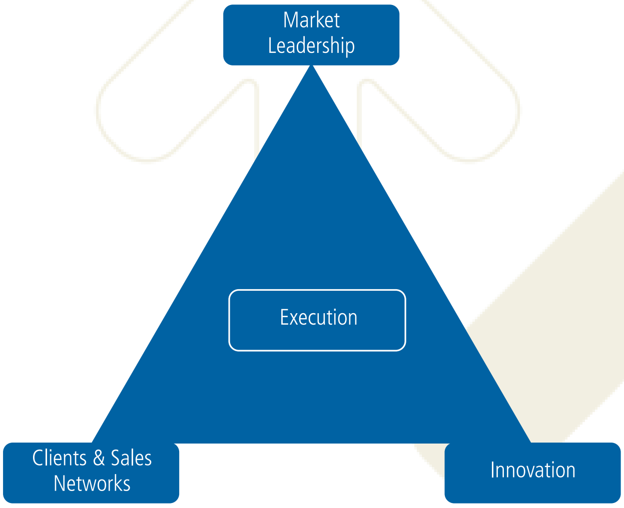
Compound Annual Growth Rate of Total Turnover



Compound Annual Growth Rate of Net Assets

To facilitate our future business development in China, we transferred the Group's listing from the Growth Enterprise Market to the Main Board of the Stock Exchange of Hong Kong in June 2009. During the year, we also successfully listed the Cord Blood Bank Division under the name China Cord Blood Corporation in the U.S; and our jointly controlled entity, Pypo Digital Company Limited, is ready for listing in the U.S soon. We firmly believe these moves will enhance our presence and competitiveness in China, and ultimately raise long-term returns for our valued shareholders.

Focusing on core competencies. In terms of our overall business strategy, we continue to concentrate on developing our core market segments and a fully integrated business platform, deepen and broaden our business portfolios, and enhance organic growth. By focusing on our core businesses, we are able to keep thriving in a challenging market environment, aided by our market leadership, innovation capabilities, and nationwide client and distribution networks as well as our management expertise, and sound business judgment and execution capabilities.



Medical Device Segment – Developing new products and markets. The main focuses of our Medical Device Segment have been to continue in-house innovation and develop new markets. So doing helps not only broaden and deepen our blood-recovery-related product line, but also consolidate both our market leadership and technology leadership in the China market.

Thanks to the continued in-house innovation, the segment was able to maintain its technology leadership of the Autologous Blood Recovery System (ABRS) devices and related consumables. In addition, the segment launched two new products during the year under review. We expect the new products to capture potential new demand from our hospital clients and augment future sales. We believe our innovation capabilities will help the segment sustain its growth and leadership in the blood industry.

Healthcare Service Segment – Continued robust growth and strategic entry into hospital services and management. The Cord Blood Bank Division of the Healthcare Service Segment reported remarkable growth during the year under review thanks in large to our thorough business development plan. While domestically the division has enhanced its markets penetration, internationally its presence has grown on the back of the strategic ownership of Cordlife Ltd., Southeast Asia's largest cord blood bank operator. In addition, the division was listed as China Cord Blood Corporation ("CCBC") in the U.S. in June 2009. By generating greater brand awareness and financial resources, we expect the listing on a stock exchange, along with proven management, to serve as a catalyst for the division's long-term development inside and outside China.

Domestically, a window opened up for the segment to capture numerous business opportunities via the government's recently unveiled medical reform plan, part of which aims to promote "scientific development" and standardisation of regulatory policies governing the healthcare industry. To leverage on these unique opportunities, we completed the acquisitions of management rights of Daopei Hospitals Group and its hospital management company to take our first strategic step into China's hospital services and management field. Aside from helping capture new business opportunities, the new acquisitions will broaden the segment's services range. We are confident these investments will be as successful as our previous ones, and accelerate the pace of the segment's development.

PRUDENT RISK MANAGEMENT, ENHANCING SHAREHOLDER VALUE AND SOCIAL RESPONSIBILITY

Our core focus on the China market has allowed our operations to emerge from 2008 relatively unscathed from the global financial crisis and positioned for sustained growth in a challenging business climate. However, we continue to be vigilant to business risks and are taking a very prudent, thorough approach to risk management. Despite our best efforts, our Natural Herbal Medicine Division has been dragged down by the economic recession in Europe, but we have taken measures to turn the division around and to propel business to other geographical markets.

In addition, our management is committed to enhancing shareholders' value. Aside from the organic growth of key operations, we repurchased approximately HK$20 million of shares.

During the year, the Group demonstrated its strong corporate social responsibility by donating around HK$3 million in cash and medical equipment to aid rescue efforts in earthquake-stricken Sichuan. We also organised a team of our highly trained medical professionals to provide onsite assistance.

PROSPECTS

We attribute the past eight years' success to our consistent focus on core businesses and core competencies, our commitment to the China market and our ability to identify and capture emerging business opportunities ahead of the competition.

While the global financial crisis has not ended and uncertainties lie ahead, we believe the prospects for China's healthcare industry remain sound, as the China economy continues to grow and prove resilient to the global downturn, thanks partly to the RMB4 trillion government stimulus package.

In addition to the fiscal stimulus, the Chinese government recently announced new medical reforms and listed the healthcare industry as one of top 10 industries it aims to nurture. Indeed, the recently introduced stimulus package allocated an additional RMB850 billion to state healthcare for the next three years. These factors promise to touch off a new era for China's healthcare industry and will provide exciting business opportunities for us.

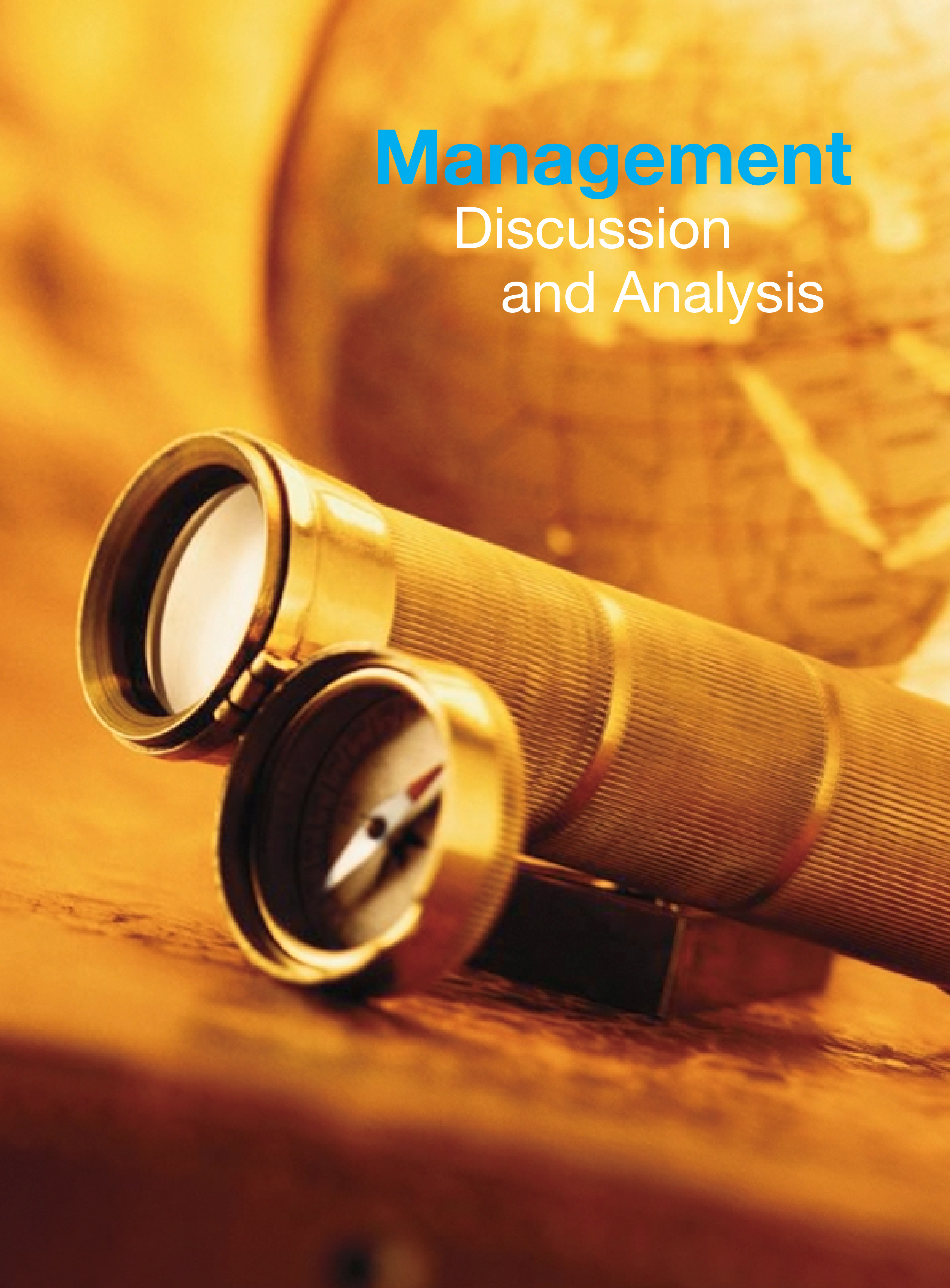
We believe the long-term prospects for China's economy and healthcare industry remain positive. As always, our focus will be on exploring opportunities that complement or strengthen our core businesses, as we aim to transform into the largest integrated healthcare group in China. Given the medical devices and healthcare services industries are widely considered to be among the most promising business sectors in China, we plan to push forward with business development at an accelerated pace.

Finally, on behalf of the Board of Directors, I would like to extend my gratitude to our shareholders for their trust and support, and to our management team and employees for their dedication, effort and energy over the past year.

KAM Yuen
Chairman

Hong Kong, 30 June 2009

Management
Discussion and Analysis



OVERALL BUSINESS REVIEW

The financial year ended 31 March 2009 was full of challenges and opportunities, but positive as a whole. During the year, Golden Meditech Company Limited ("Golden Meditech" or "the Group") not only increased its market share in key business areas, but also further enhanced its profit-making capability. Our Medical Device Segment leveraged on its technological leadership and China market knowledge to successfully broaden its products range to target new sectors. Meanwhile, our Healthcare Service Segment made significant progress in terms of market share and revenue growth.

It is also worth highlighting that the Group made a strategic entry into China's hospital services and management industry through the acquisitions of management rights of Daopei Hospitals Group and its hospital management company. This move has helped to further transform the Group into China's premier one-stop healthcare group, providing all round healthcare products and services to the Chinese public through its integrated operations. We believe this strategy is enhancing our competitiveness and laying firm foundations for robust, sustainable growth.

During the financial year, the Group recorded total turnover of HK$497,756,000, up 18% from the previous year. The Medical Device Segment and the Cord Blood Bank Division contributed 56% and 44% to the Group's total turnover, respectively. The Group's gross profit margin was maintained at 71%, which is high compared with many of our industry peers.

However, the Group was affected by the global financial crisis on a limited level. As a result, the Group recorded other net loss of HK$82,894,000 during the year. Stripping out other net loss/income, the Group's profit from operations amounted to HK$302,937,000, representing an increase of 49% from the previous year. The Group's profits attributable to equity shareholders dropped by 92% to HK$57,089,000, mainly due to the absence of exceptional gains from the disposal of securities as compared to the previous year. The Group's basic earnings per share were HK3.7 cents, while the cash and cash equivalents balance at the year-end amounted to HK$811,318,000.

In June 2009, the Group won approval from the Stock Exchange of Hong Kong to transfer its listing from the Growth Enterprise Market to the Main Board. Further, the Group successfully completed the listing of the Cord Blood Bank Division in the U.S. In addition to that, the listing in the U.S. of its jointly controlled entity, Pypo Digital Company Limited ("Pypo"), is also to be completed soon. We firmly believe these moves will help to further drive the long-term development of our key operations, enhance our presence and competitiveness in China, and ultimately raise long-term returns for our shareholders.

BUSINESS SEGMENT REVIEW

The Medical Device Segment – New products and growth drivers

The Medical Device Segment has cultivated an extensive client base and distribution network in China through years of operation. In the year under review, these capabilities were leveraged to help the segment expand its product range and develop new markets, sowing the seeds for new growth. During the year, the segment intensified its programme of educational seminars on the use of Autologous Blood Recovery System (ABRS) machines and we have seen double-digit growth in sales of ABRS consumables since then. The segment also launched two new products, namely, the Plasma Exchange System and the Accelerated Thermostatic Infusion Pump. The management believes that the two new products will become additional growth drivers for the Medical Device Segment.

For the year under review, the Medical Device Segment recorded total turnover of HK$276,535,000, 2% down from the previous financial year, while the segment's results came to HK$173,838,000. The fall in aggregate revenue is attributable to a repositioning of the ABRS products at a lower average selling price to capture a wider market. By reducing prices of ABRS products by approximately 20% in the fourth quarter of the year, the segment aims to increase penetration into lower tier level hospitals. We expect this marketing strategy will ultimately pay off, particularly through the growth in consumable sales. During the year under review, consumable sales increased by 24% to HK$73,157,000.

The management expects the new products to help drive the segment's sales growth as soon as the coming year. Indeed, very positive feedback has been received from doctors during the pre-marketing of both the Plasma Exchange System and Accelerated Thermostatic Infusion Pump. The segment plans to leverage on the Group's nationwide distribution network to market the new products to existing hospital clients.

The corporate income tax rate applicable to the Medical Device Segment was 15% for the year ended 31 March 2009.

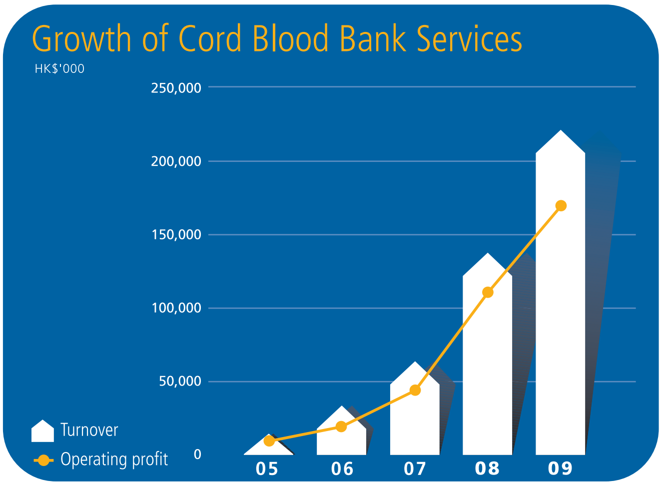
Plasma Exchange System

Accelerated Thermostatic Infusion Pump

Healthcare Service Segment – Dynamic growth in cord blood bank services and strategic entry into hospital services and management business

The Healthcare Service Segment, which consists of the Hospital Management and the Cord Blood Bank Operations, reported strong revenue growth during the year, thanks to well-thought strategies and their timely execution. The segment's total turnover came to HK$221,221,000, up 61% from the previous year, accounting for 44% of the Group's total turnover.

The revenue was generated solely by China Cord Blood Services Corporation ("CCBS"), the Cord Blood Bank Division. The first cord blood bank operator in China, the division is the only Chinese cord blood storage operator that has obtained more than one operating license in the country, with exclusive operations in both Beijing and Guangdong Province. During the year under review, CCBS reported robust revenue growth as market penetration in both regions continued to climb. Most of the revenue growth stemmed from the Guangdong Cord Blood Bank, which reported 221% sales growth compared with the previous year.



The management believes the strong results are attributable not only to external factors, such as the thriving economy, one-child policy and an increased public awareness of the benefits of stem cells, but also internal factors, such as synergies with the Group's established hospital network, exclusive operating rights, and effective marketing and promotion campaigns.

To meet future demand, the Group has opened two new cord blood bank storage facilities in Beijing and Guangdong Province with a combined total storage capacity of 700,000 units. This lays solid foundations for the segment's future growth.

Guangdong Cord Blood Bank

Beijing Cord Blood Bank

The income tax rate applicable to the Beijing Cord Blood Bank ranged from 9% to 15% for the year, and that of the Guangdong Cord Blood Bank was 25%.

Outside of China, CCBS has stepped up the pace of its expansion plan. During the year, it became the single largest shareholder of Cordlife Ltd., the largest cord blood bank operator in Southeast Asia. Together with its presence in China, the move has made CCBS one of the world's largest cord blood bank operators in terms of population coverage.

CCBS was successfully listed in the U.S. in June 2009 and the Group now effectively holds 49.1% stake in the division. The listing will enable CCBS to accomplish its long-term goals by leveraging on its proven management, recognised brand name and ability to raise further capital from financial markets.

The management has followed the Chinese government's new medical reforms closely and has identified new growth opportunities for the segment. Under the new medical reforms, which include the separation of hospital management and ownership, and hospital services pricing reform, a new era is about to begin for China's healthcare services industry. The Group is the first foreign-owned entity to capture these unique opportunities, after the acquisitions of management rights of Daopei Hospitals Group and its hospital management company. These acquisitions complement the Group's existing businesses and enable the Group to provide a one-stop shop for hospital services and strengthen its competitiveness in China's healthcare industry, further augmenting the Group's overall growth prospects.

Natural Herbal Medicine Segment – Stable operations

The Natural Herbal Medicine Division in Europe, which is operated by an associate of the Group, was affected by the global financial crisis, but the management has taken measures to stabilise the operations. The Group's share of losses of associates for the year amounted to HK$132,606,000, mainly due to a non-cash impairment charge on intangible assets of the associates. The Group also recognised an exchange loss of HK$81,803,000 on loan to an associate stemming from the decline in Pounds Sterling against the Hong Kong Dollar. The management is committed to taking further steps to solidify the division's presence in existing markets and expand into new geographical areas.

Strategic Investments – Jointly controlled entity ready for listing in the U.S.

Leveraging on its market leadership, experienced management team and proven expertise in commercialising innovative products, the Group remains committed to a pro-active yet prudent approach to strategic investments. With an established brand name, nationwide client and sales networks, and strong management capabilities, the Group is dedicated to capturing promising business opportunities that can help fulfill its pledge of maximising shareholders' value.

Among the Group's strategic investment successes is Pypo, a fast-moving consumer electronics distributor and retailer, which is to be listed in the U.S. The Group plans to launch new personal healthcare devices in China through Pypo's nationwide distribution and retail networks. Such collaboration represents a win-win situation for both companies and, at the same time, improves our logistic and marketing efficiency.

FINANCIAL REVIEW

Overview

For the year ended 31 March 2009, the Group recorded steady and healthy growth with total turnover rising to HK$497,756,000, up 18% from the previous year. The Group's gross profit margin was 71%, which compared favourably with those of its industry peers. Profit from operations (excluding other net loss/income which consists mainly of one-off items) came to HK$302,937,000, representing an increase of 49% from the previous year. Basic earnings per share stood at HK3.7 cents. Among the core businesses, the Medical Device Segment remained the Group's principal source of operating income, accounting for 56% of the Group's turnover. The Cord Blood Bank Division contributed the remaining 44% of the Group's turnover and continues to show high sustained growth.

Gross profit margin

The Group's overall gross profit margin remained steady at 71%. The gross profit margins for the Medical Device Segment and the Cord Blood Bank Division were comparable with those generated in the previous year.

Selling and administrative expenses

The Group managed to reduce total selling and administrative expenses for the year by HK$57,352,000 from the previous year, despite the market expansion of the Cord Blood Bank Division. In view of the Group's confidence in China market and the global financial crisis, discretionary bonuses declared for the 2007/2008 financial year totalling HK$30,493,000 which had not been paid were voluntarily surrendered by staff and directors during the year under review. The Group has always and will continue to adhere to prudent cost controls and keep expenses at a reasonable level.

Other net (loss)/income

The Group's other net income dropped substantially for the year under review as compared with the more than HK$300 million recorded in the previous financial year. The Group recorded other net loss of HK$82,894,000 during the year, including a non-cash impairment loss on an overseas strategic investment, and a foreign exchange loss resulting from the decline in foreign currencies, mainly Pounds Sterling, against the Hong Kong Dollar.

Research and development and successful outcomes

Currently, the Group's R&D is concentrated mostly on medical devices. For the year under review, the Group obtained approvals from the State Food and Drug Administration for the Model 3000H Plasma Exchange System and Model HS-9000 Accelerated Thermostatic Infusion Pump. Both products were developed in-house.

Profit from operations

Profit from operations fell by 59% from the previous year mainly as a result of the abovementioned fall in other net income. Excluding other net loss/income which are mainly one-off items, profit from operations amounted to HK$302,937,000, up 49% from that of the previous year.

Finance costs

For the financial year under review, finance costs dropped by HK$7,537,000 to HK$13,091,000 thanks to lower interest rates.

Corporate income tax

The effective income tax rate applicable to the Group is 34% and the Group's total tax expenses were HK$41,995,000, up 73% from that of the previous year.

Profit attributable to equity shareholders

Profit attributable to equity shareholders of the Company fell by 92% to HK$57,089,000, mainly due to losses from investments as a result of the global financial crisis, dilution of the share of profits from jointly controlled entities as a result of partial disposals in the previous year, impairment losses made by an associate and increased corporate income tax expense.

Share repurchase and dividend policy

Creating value and enhancing returns to shareholders have always been the ultimate goal of the management. For the year under review, the management spent HK$19,824,000 on the repurchase of shares to preserve shareholders' value in view of the turmoil in the global financial crisis. Because of the uncertainty caused by the global financial crisis and numerous opportunities which arise as a result of unveiled medical reforms, the management decided not to declare any final dividend for the year.

Capital structure, liquidity and financial resources

Assets and shareholders' interests

The Group's total assets came to HK$4,113,852,000 as at the end of the financial year (2008: HK$4,190,077,000), while total equity attributable to equity shareholders of the Company stood at HK$3,180,360,000 (2008: HK$3,232,898,000).

Liquidity and financial resources

The Group's cash and bank balances were HK$811,318,000 as at the end of the financial year (2008: HK$997,747,000). The Group has sufficient cash to satisfy future financing requirements. Interest-bearing liabilities totalled HK$349,166,000 (2008: HK$351,815,000).

Gearing ratio

As at the end of the financial year, the Group's gearing ratio stood at 9.9%, calculated as a percentage of total interest-bearing liabilities over total equity.

New share issuance, and placement of convertible bonds

The Group issued 60 million new shares to institutional investors during the year under review. In April 2009, the Group entered into an agreement to place up to US$15 million convertible bonds due in 2014. The monies raised are intended for general working capital as well as funding future investment opportunities. As of today, this placement has yet to be completed.

Treasury policies

The Group adopts prudent treasury policies. To reduce exposure to credit risk, the Group performs regular credit evaluations on the financial positions of its customers. To manage liquidity risk, the management closely monitors its liquidity structure to ensure it can satisfy funding requirements.

Exchange rate risk

The Group's sales and purchases are mainly conducted in Renminbi. The Group's main assets and liabilities are also denominated in Renminbi. The management believes that the trend in the appreciation of Renminbi will benefit the Group and currency hedging arrangements are currently not necessary.

The Group is exposed to currency risk arising from investments in and loans to associates denominated in British Pounds Sterling.

Employees

As at 31 March 2009, the Group, including subsidiaries but excluding associates and jointly controlled entities, employed 694 full-time employees in Mainland China and Hong Kong. During the year under review, the Group incurred staff costs (including Directors' remuneration and contribution to mandatory provident funds) of HK$24,480,000.

Charges on Group assets

As at the end of the financial year, the total net book value of the assets charged for bank loans amounted to HK$120,938,000.

Corporate Strategies & Prospects

Over the past eight years, Golden Meditech has transformed itself from a single-product firm to a leading integrated healthcare company with core businesses ranging from medical devices to healthcare services, and with dominant market positions in all sectors. We attribute our success to our focus on the China healthcare market and by leveraging on our core competencies. This strategy allows us to manage business risk effectively while sustaining growth of key operations.

Although we have not yet seen the end of the global financial crisis and the capital markets remain volatile, we strongly believe that the RMB4 trillion stimulus package released by the Chinese central government will help the China economy stay on its present growth track despite the global downturn. We have been seeing positive signs since the stimulus package was rolled out and China's economy continues to register growth.

Another important positive external factor to consider is the rollout of new medical reforms. Together with the favourable regulatory environment, we expect to identify numerous new business opportunities in China's healthcare industry looking ahead. Along with the new medical reform programme, the Chinese government has earmarked RMB850 billion for revamping the national healthcare system over the next three years and has listed healthcare among 10 key industries that will receive state support. In light of these developments, the management believes China's healthcare industry is on the cusp of an exciting new era.

Now in its eighth year as a publicly listed healthcare company, the Group continues to be led by a highly experienced management team with excellent knowledge of the China market and proven execution capabilities. In line with the Group's pledge to maximise shareholders' value, the management continues to be dedicated to identifying and capturing the very best business opportunities in China's healthcare industry.

In doing so, we will continue to leverage on our core competencies and integrated business platform, while taking a prudent approach to controlling business risk. Against the backdrop of a resilient China economy, the Group will pace its development and strive to transform itself into the largest integrated healthcare group in China, with a view to enhancing shareholders' returns and contributing to the well-being of society.

The Board of Directors of the Company (the "Board") is pleased to present this Corporate Governance Report for the year ended 31 March 2009.

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 Code on Corporate Governance Practices as set out in Appendix 15 of the GEM Listing Rules (the "CG Code") and, where appropriate, the principles and provisions of the Code on Corporate Governance Practices as set out in Appendix 14 of the Main Board Listing Rules (the "Main Board CG Code") subsequent to the transfer of listing of the Company's shares from GEM to the Main Board on 16 June 2009 (the "Transfer Date").

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 2009, except for Code Provision A.2.1. 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 shareholder 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 performances; 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, interim and quarterly reports, providing price-sensitive announcements and other financial disclosures as required under the GEM Listing Rules, and, after the Transfer Date, under the Main Board 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.

The Company has arranged for appropriate insurance cover for Directors' and officers' liabilities in respect of legal actions against its Directors and senior management arising out of corporate activities.

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 of Directors can be assured.

The Board currently comprises four Executive Directors and three Independent Non-Executive Directors.

Executive Directors:

Mr. KAM Yuen *(Chairman)*
Ms. JIN Lu
Mr. LU Tian Long
Ms. ZHENG Ting

Independent Non-Executive Directors:

Prof. CAO Gang *(Chairman of Audit Committee and member of Remuneration Committee)*
Mr. GAO Zong Ze *(Chairman of Remuneration Committee and member of Audit Committee)*
Prof. GU Qiao *(Member of Audit Committee and Remuneration Committee)*

The list of Directors (by category) is disclosed in all corporate communications issued by the Company pursuant to the GEM Listing Rules from time to time, and to the Main Board Listing Rules after the Transfer Date.

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

Independent Non-Executive Directors

Throughout the year ended 31 March 2009, the Company met the requirement of the GEM 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 Board has received from each Independent Non-Executive Director after the Transfer Date a written annual confirmation of independence pursuant to the Main Board Listing Rules and considers the Independent Non-Executive Directors to be independent.

The Independent Non-Executive Directors possess a wide range of financial 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.

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 Company does not have a nomination committee. However, the Company follows a formal, considered and transparent procedure for appointing new Directors or nominating suitable candidates for approval of the shareholders either to fill the vacancies caused by the resignation of Directors or to appoint additional Directors.

The Board also 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.

The appointment or nomination of new Directors is a collective decision of the Board. In the selection process, 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 appointment and on a timely basis thereafter, disclose to the Board the number and nature of offices held by such Director in other public companies and organisations and any other significant commitments.

In accordance with the Company's Articles of Association, all Directors are subject to retirement by rotation at least once 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 accordance with the Company's Articles of Association, Mr. KAM Yuen (Chairman), Ms. ZHENG Ting and Mr. GAO Zong Ze shall retire by rotation at the annual general meeting of the Company to be held on 28 August 2009 and, being eligible, offer themselves for re-election. The Board recommends the re-appointment of the said Directors, whose biographical details are contained in the circular sent to the shareholders together with this annual report.

Ms. ZHENG Ting has recently terminated her previous service contract with the Company by mutual agreement and entered into a new service contract with the Company. The new service contract commenced on 29 June 2009 and will continue until terminated by either party giving to the other not less than 90 days' notice in writing.

Each of the other Executive Directors has entered into a service contract with the Company commencing on 1 April 2005, which will continue until terminated by either party giving to the other not less than 90 days' notice in writing.

Mr. GAO Zong Ze and Prof. GU Qiao, both of whom are Independent Non-Executive Directors, have each entered into a service contract with the Company for a term of one year commencing on 28 December 2004 and continuing thereafter until terminated by either party giving to the other not less than 30 days' notice in writing.

Prof. CAO Gang, an Independent Non-Executive Director, has entered into a service contract with the Company for a term of one year commencing on 23 September 2004 and continuing thereafter until terminated by either party giving to the other not less than 30 days' notice in writing.

No new Director was appointed during the year ended 31 March 2009.

Training for Directors

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 GEM Listing Rules and, after the Transfer Date, under the Main Board 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.

Chairman and Chief Executive Officer

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

Mr. KAM Yuen is the chairman and chief executive officer 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, three 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 officer of the Company since the listing of the Company's shares on the 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 four times a year at approximately quarterly intervals. During the year ended 31 March 2009, eight Board meetings were held.

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

	Attendance/Number of Meetings			
Directors	**Board**	**Audit Committee**	**Remuneration Committee**	**Executive Committee**
Executive Directors:				
Mr. KAM Yuen *(Chairman)*	8/8	N/A	N/A	2/2
Ms. JIN Lu	8/8	N/A	N/A	N/A
Mr. LU Tian Long	8/8	N/A	N/A	N/A
Ms. ZHENG Ting	8/8	N/A	N/A	2/2
Independent Non-Executive Directors:				
Prof. CAO Gang	8/8	4/4	2/2	N/A
Mr. GAO Zong Ze	8/8	4/4	2/2	N/A
Prof. GU Qiao	8/8	4/4	2/2	N/A

In addition to the Board meetings, during the year a meeting was held by the three Independent Non-Executive Directors as members of an Independent Board Committee to consider the transactions contemplated under the circular dated 24 November 2008 issued by the Company.

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 after the Transfer Date, the Main Board 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 Directors may retain outside 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 for 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 Company's 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 an audit committee (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 GEM Listing Rules while it was listed on GEM. The Board has reviewed the terms of reference of the Audit Committee after the Transfer Date and confirmed that the terms of reference are in compliance with paragraph C.3.3 of the Main Board CG Code.

The Audit Committee's primary duties include the following:

- 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 controls and risk management systems of the Group and to monitor the integrity thereof.

Pursuant to the terms of reference of the Audit Committee formulated in compliance with the GEM Listing Rules, the Audit Committee shall meet at least four times every year. Additional meetings may also be held by the Audit Committee from time to time to discuss special projects or other issues when the Audit Committee considers necessary. The external auditors of the Group may request a meeting with the Audit Committee if considered necessary.

The Audit Committee held four meetings during the year ended 31 March 2009. Working closely with the management of the Company, the Audit Committee has reviewed the Company's annual, interim and quarterly 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 2009 have been reviewed by the Audit Committee.

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 Ms. Zheng Ting, 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 a remuneration committee (the "Remuneration Committee") in June 2005 with written terms of reference in compliance with paragraph B.1.3 of the CG Code. 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 Main Board CG Code.

The principal responsibilities of the Remuneration Committee include the following:

- 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 Independent 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 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.

Internal Controls

The Board has overall responsibility for maintaining the Group's internal controls system and through the Audit Committee, conducts reviews on the effectiveness of the internal controls system at least annually, 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.

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 services 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 international professional consultancy firm — Baker Tilly Hong Kong Business Services Limited to conduct a review of the internal controls system of the Group which covered all key areas of financial, operational, compliance, and risk management functions, and the results of the internal control review were submitted to the Audit Committee for consideration. The Audit Committee has reviewed and is satisfied that the Group's system of internal controls is sound and adequate.

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

Directors' Securities Transactions

The Company has adopted the required standard of dealings as set out in Rules 5.48 to 5.67 of the GEM Listing Rules as its code of conduct for securities dealings by Directors throughout the year ended 31 March 2009.

Specific enquiries by the Company indicate that all Directors have complied with the required standard of dealings for the year ended 31 March 2009.

The Company has adopted the model code for securities transactions by directors of listed issuers as set out in Appendix 10 to the Main Board Listing Rules as its own code of conduct regarding Directors' securities transactions with effect from the Transfer Date for replacing the required standard of dealings as set out in Rules 5.48 to 5.67 of the GEM Listing Rules adopted by the Company while it was listed on GEM.

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 2009, 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 financial statements of the Company for the year ended 31 March 2009 in the Independent Auditor's Report included in this annual report.

For the year ended 31 March 2009, the fees payable to the external auditors for audit services were HK$4,269,000 and fees payable for other services, primarily for non-statutory financial statement audits, were HK$6,431,000. Included in fees payable for other services are non-statutory audit fees of HK$5,600,000 in relation to the proposed spin-off of the Cord Blood Bank segment, which have been deferred and are included in other receivables, deposits and prepayments in the consolidated balance sheet.

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, interim and quarterly reports, corporate brochures and video. During the year, the Chairman attended and presided at all general meetings. Shareholders were encouraged to attend the general meetings of the Company, which offer a valuable forum for dialogues and interactions between the Chairman, the top management and the shareholders.

Separate resolutions were proposed at general meetings on each substantially separate issue. Details of the poll voting procedures and rights of shareholders to demand a poll were included in the circulars sent to the shareholders at least 14 days before a general meeting and 21 days before the annual general meeting.

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.

DIRECTORS

Executive Directors

Mr. KAM Yuen (甘源), aged 47, is the Chairman, Chief Executive Officer and Compliance Officer of the Company, and the founder of the Group. Mr. Kam is also a Director of several subsidiaries of the Company. He is responsible for the Group's overall strategic planning. Mr. Kam graduated from the Beijing Second Foreign Languages Institute, 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., which has an interest in the share capital of the Company as disclosed under the provisions of Part XV of the Securities and Futures Ordinance.

Ms. JIN Lu (金路), aged 43, is an Executive Director of the Company and a Director of several of its subsidiaries. She joined the Group in June 2000 and is in charge of the general administration and daily operations of the Group. Ms. Jin received her EMBA degree from Peking University's Guanghua School of Management, the PRC (北京大學光華管理學院), in 2005, and received her bachelor's degree from the Beijing Second Foreign Languages Institute, the PRC, (北京第二外國語學院) in 1987.

Mr. LU Tian Long (魯天龍), aged 57, has been an Executive Director of the Company since September 2001. He is a Director and the General Manager of the medical devices operation. He is responsible for the production, operations and management of the medical devices operation.

Ms. ZHENG Ting (鄭汀), aged 37, is an Executive Director of the Company and a Director of several of its subsidiaries. She is responsible for the Group's financial and internal control systems. Ms. Zheng is also the Chief Executive Officer of the cord blood bank operation, and she is responsible for the strategic management of the cord blood bank operation. Ms. Zheng joined the Group in September 2001. She graduated from the Chinese People's University, the PRC, (中國人民大學) in 1996.

Independent Non-executive Directors

Prof. CAO Gang (曹岡), aged 64, is an Independent Non-executive Director, the Chairman of the Audit Committee and a member of the Remuneration 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 the Vice-president of the Beijing Society of Accountants.

Mr. GAO Zong Ze (高宗澤), aged 69, is an Independent Non-executive Director, a member of the Audit Committee and the Chairman of the Remuneration Committee. He joined the Group in September 2001. Mr. Gao is a qualified lawyer in the PRC, and has been a National Committee member of China's Chinese People's Political Consultative Conference (中華人民政治協商會議) and the president of the All China Lawyers' Association, the PRC (中華全國律師協會). Mr. Gao graduated from the Graduate School of the China Academy of Social Sciences, the PRC, (中國社會科學院) in 1981.

Prof. GU Qiao (顧樵), aged 62, is an Independent Non-executive Director, a member of the Audit Committee and a member of the Remuneration 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). He is also a member of the International Institute of Biophysics, Germany. Prof. Gu received his doctoral degree from the Northwest University, the PRC, in 1989.

TECHNOLOGY DEVELOPMENT ADVISORY BOARD

The Group established a technology development advisory board (the "Technology Board") in 2000. As at 31 March 2009, the Technology Board comprised more than 40 experienced medical officers. The primary responsibilities of the Technology Board are (i) to develop the Group's key technical strategies; (ii) to monitor the progress of major technical programmes; and (iii) to review proposals for the development of new products and production techniques. The five core members of the Technology Board are Prof. ZHANG Ming Li, Chairman of the Technology Board, Prof. PEI Xue Tao, Prof. WANG Bao Guo, Prof. TIAN Ming and Prof. LU Dao Pei.

Prof. ZHANG Ming Li (張明禮) is the Chairman of the Technology Board. He graduated from Peking University, the PRC, and is a cardiac and thoracic specialist. Prof. Zhang received the "Beijing Municipal Technology Progress Award" in 1986 for his invention of an external circulation pump monitoring equipment, the automatic pressure releasing equipment, and the blood level monitoring and controlling equipment. He is currently the Chief Practitioner at the Faculty of Cardiac and Thoracic Surgery of Peking University Hospital, supervisor to doctoral candidates at the Faculty of Medicine of Peking University, an evaluation specialist on the Medical Equipment Evaluation Committee, a medical project evaluation specialist for the National Invention Foundation (國家創新基金醫療項目), and Instructor-in-charge of the "National Autologous Blood Recovery Technology Course", a national medical continuous-learning project.

Prof. PEI Xue Tao (裴雪濤) is the Director of the Field Blood Transfusion Research Institue of the Military Medical Science University (軍事醫學科學院野戰輸血研究所) and the Chief Practitioner of the Stem Cell Research Center (幹細胞研究中心) and is also the Vice-President of Chinese Society for Blood Transfusion, the Vice-President of Chinese Society for Experimental Hematology. He received his doctoral degree from the Military Medical Science University in 1997.

Prof. WANG Bao Guo (王保國), the Professor and supervisor to doctoral and postgraduate candidates of Department of Anesthesiology, Capital University of Medical Sciences, the director of the Brain Sciences Institute of Beijing, the Chief Specialist of the Department of Anesthesiology and Chief Physician in the hospital. He is also a member of Beijing Clinical Transfusion Administrative Committee, and a member of the Medical Accident Appraisal Specialist Bank in Beijing. His research has earned him a number of technology awards granted by the Beijing Municipality.

Prof. TIAN Ming (田鳴) is the Chief Practitioner of Anaesthesiology of the Beijing Friendship Hospital (北京友誼醫院). He graduated from the China Medical University, the PRC, with a doctoral degree in Anaesthesiology in 1996. He has a solid background in the field of Anaesthesiology and has cooperated on numerous occasions with cardiac surgeons from the U.S., the U.K., Japan and Italy. In addition to publishing articles on his specialty, he is also involved in research in autologous blood transfusions. Prof. Tian has substantial experience in teaching and received two outstanding teacher's awards in 2000.

Prof. LU Dao Pei (陸道培) is an haematologist and expert in bone marrow transplants. He is currently an elected member of the Chinese Academy of Engineering, Vice President of the Chinese Medical Association ("CMA") (中華醫學會), as well as Chairman of the CMA's Council of Haematology. He is considered to be the founder and the primary driving force of blood stem cell research in the PRC. Prof. Lu was also the first to prove to the international community that the independent application of the realgar herb could cure acute myelogenous leukemia. Prof. Lu has received the prestigious China Science and Technology Progress Award and a number of other top scientific awards.

SENIOR MANAGEMENT

Mr. LU Shu Qi (路書奇), aged 61, Deputy General Manager of the medical devices operation, is responsible for the production, general management and daily operations of this segment. He graduated from Tsinghua University (清華大學), the PRC, and has over 20 years of management experience in production.

Mr. KONG Kam Yu (江金裕), aged 40, is the Qualified Accountant and Company Secretary of the Company. He joined the Group in 2001, and is responsible for the Group's finances, corporate projects and company secretarial matters. Prior to joining the Group, Mr. Kong worked with a leading international accounting firm.

Ms. CUI Qi (崔琪), aged 56, Deputy General Manager and Finance Manager of the medical devices operation, is currently in charge of financial systems of this segment. She graduated from the Finance and Accounting Department of the Beijing Western District Employees' University, the PRC (北京西城區職工大學) and is a registered accountant in the PRC.

Prof. LIU Kai Yan (劉開彥), aged 53, Chief Scientist of the cord blood bank operation, is in charge of research and development, and the formulation and implementation of technological standards. He received his doctoral degree in Medicine from Kyushu University, Japan (九州大學), and is the Chief Physician of the Department of Internal Medicine of the People's Hospital of Peking University, the Deputy Director of the Institute of Haematology of Peking University (北京大學血液病研究所) and a supervisor to doctoral candidates. Prof. Liu has over 20 years of experience in stem cell research and medical applications.

Mr. GAO Feng (高峰), aged 53, Managing Director of China Region of the cord blood bank operation, is responsible for the daily operations and management of this segment. Specialising in paediatrics, Mr. Gao graduated from the Capital University of Medical Sciences (首都醫科大學), the PRC, and then worked at the Beijing Children's Hospital (北京市兒童醫院). He has also worked for several well-known multinational healthcare companies. Mr. Gao has over 20 years of marketing and managerial experience in the medical equipment industry.

Ms. DENG Yue (鄧鉞), aged 39, Chief Executive Officer of the Beijing Division of the cord blood bank operation. She oversees the daily operation and management of the Beijing Division and is responsible for the marketing and sales management of this segment. Ms. Deng graduated from NanKai University Tianjin Foreign Trade Institute (南開大學對外貿易學院), the PRC, and has over 10 years of marketing and management experience. Prior to joining the Group, she worked for a number of well-known multinational medical corporations.

Ms. ARASHIYAMA Rui (嵐山芮), aged 50, Chief Executive Officer of the Guangdong Division of the cord blood bank operation. She oversees the daily operation and management of the Guangdong Division and is responsible for the formulation and implementation of marketing strategy for the Guangdong market. She joined the Group in March 2009, with over 20 years of sales and marketing experience and in-depth knowledge about China consumer market and regulatory environment. She graduated from the Beijing Second Foreign Languages Institute, the PRC (北京第二外國語學院) in 1981 with a bachelor's degree. In 1988, she completed a postgraduate mass media programme in Japan Sophia University.

Mr. CHEN Bing Chuen Albert (陳炳泉), aged 33, is the Chief Financial Officer of the cord blood bank operation. He is in charge of this segment's finances, corporate developments and other legal related matters. He is a Chartered Financial Analyst holder and has extensive experience in corporate finance and capital market transactions. He obtained his Bachelor of Commerce degree from Queen's University, Canada, School of Business majoring in Finance and Accounting.

Ms. XU Xin (徐欣), aged 55, Chief Technical Officer of the cord blood bank operation, is in charge of the daily operations and logistic control of the cord blood bank laboratories. Ms. Xu has over 20 years of solid experience in cytobiology research and had lectured in cytobiology at Beijing Medical University (北京醫科大學).

The directors have pleasure in submitting their annual report together with the audited financial statements of Golden Meditech Company Limited (the "Company") and its subsidiaries (collectively referred to as the "Group") for the year ended 31 March 2009.

PRINCIPAL PLACE OF BUSINESS

The Company is 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 18 to the financial statements.

An analysis of the Group's turnover, operating profit, assets and liabilities by business segments is set out in note 14 to the financial statements.

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.

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	36%	
Five largest customers in aggregate	54%	
The largest supplier		18%
Five largest suppliers in aggregate		58%

At no time during the year have the directors, their 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 profit and cash flows of the Group for the year ended 31 March 2009 and the state of the Company's and the Group's affairs as at that date are set out in the financial statements on pages 43 to 139 of this annual report.

RESERVES AND DIVIDENDS

Profits attributable to equity shareholders of the Company of HK$57,089,000 (2008: HK$683,744,000) have 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 48 and 49 of this annual report.

The directors do not recommend the payment of a dividend in respect of the year ended 31 March 2009 (2008: HK$Nil).

CHARITABLE DONATIONS

Charitable donations made by the Group during the year amounted to HK$2,721,000 (2008: HK$Nil).

FIXED ASSETS

Details of the movements in fixed assets are set out in note 15 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 34(a) to the financial statements. 60,000,000 new shares were issued by the Company to institutional investors during the year.

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

Except for the repurchase of the Company's own ordinary shares as set out in note 34(a)(ii) to the financial statements, there was no purchase, sale or redemption of the Company's listed securities by the Company or any of its subsidiaries during the year. The repurchases were made for the benefit of the shareholders as a whole as they enhanced the earnings per share of the Company.

PRE-EMPTIVE RIGHTS

There is no provision for pre-emptive rights under the Company's 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 were:

Executive Directors

Mr. KAM Yuen *(Chairman)*
Ms. JIN Lu
Mr. LU Tian Long
Ms. ZHENG Ting

Independent Non-Executive Directors

Prof. CAO Gang
Mr. GAO Zong Ze
Prof. GU Qiao

In accordance with Article 108 of the Company's Articles of Association, Mr. KAM Yuen, Ms. ZHENG Ting and Mr. GAO Zong Ze will retire at the forthcoming annual general meeting and, being eligible, offer themselves for re-election.

The biographical details of the directors and senior management are set out on pages 26 to 29 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

Ms. ZHENG Ting has recently terminated her previous service contract with the Company by mutual agreement and entered into a new service contract with the Company. The new service contract commenced on 29 June 2009 and will continue until terminated by either party giving to the other not less than 90 days' notice in writing.

Each of the other Executive Directors has entered into a service contract with the Company commencing on 1 April 2005, which will continue until terminated by either party giving to the other not less than 90 days' notice in writing.

Independent Non-Executive Directors

Mr. GAO Zong Ze and Prof. GU Qiao have each entered into a service contract with the Company for a term of one year commencing on 28 December 2004 which will continue thereafter until terminated by either party giving to the other not less than 30 days' notice in writing.

Prof. CAO Gang has entered into a service contract with the Company for a term of one year commencing on 23 September 2004 which will continue thereafter until terminated by either party giving to the other not less than 30 days' notice in writing.

None of the directors being proposed for re-election at the forthcoming annual general meeting 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 2009, 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 pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they have 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 Rules 5.46 to 5.67 of the Rules Governing the Listing of Securities on the Growth Enterprise Market of the Stock Exchange (the "GEM Listing Rules") to be notified to the Company and the Stock Exchange were as follows:

(a) The Company

		Long positions Number of ordinary shares of HK$0.1 each			
Name of directors	**Capacity and nature of interests**	**Number of ordinary shares of HK$0.1 each**	**Number of underlying shares held under equity derivatives**	**Total interests**	**Approximate percentage of the Company's issued share capital**
Mr. KAM Yuen	Founder of trusts	372,084,000[(1)]	—	372,084,000	23.34%
	Beneficial owner	—	63,206,245[(2)]	63,206,245	3.97%
Mr. LU Tian Long	Beneficial owner	—	400,000[(2)]	400,000	0.03%
Ms. ZHENG Ting	Beneficial owner	—	2,000,000[(2)]	2,000,000	0.13%

Notes:

(1) Mr. KAM Yuen was deemed under SFO to have an interest in 372,084,000 shares beneficially owned by Bio Garden Inc. ("Bio Garden"), a company incorporated in the British Virgin Islands ("BVI"), as at 31 March 2009 by virtue of his being the founder of certain discretionary trusts which owned the entire issued share capital of Bio Garden.

(2) These interests represent the directors' beneficial interests 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) China Stem Cells Holdings Limited ("CSC"), a subsidiary of the Company as at 31 March 2009

	Number of ordinary shares of US$1.0 each			
Name of directors	**Capacity and nature of interests**	**Number of underlying shares held under equity derivatives**	**Total interests**	**Approximate percentage of the issued share capital of CSC**
Mr. KAM Yuen	Beneficial owner	10,000[1]	10,000	0.62%
Ms. ZHENG Ting	Beneficial owner	30,000[1]	30,000	1.85%

Note:

(1) These interests represent the directors' beneficial interests in the underlying shares in respect of share options granted by CSC to the directors as beneficial owners, details of which are set out in the section headed "Share option schemes" below.

Save as disclosed above, as at 31 March 2009, 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 have 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 Rules 5.46 to 5.67 of the GEM Listing Rules, to be notified to the Company and the Stock Exchange.

SHARE OPTION SCHEMES

(a) Share option schemes of the Company

The principal terms of the share option schemes of the Company are summarised in note 35(a) to the financial statements.

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 31 March 2008 and 2009	Exercise price	Market value per share at grant date
			HK$	HK$
Mr. KAM Yuen	30 March 2005[(1)]	63,206,245	1.76	1.56
Mr. LU Tian Long	4 March 2005[(2)]	400,000	1.60	1.60
Ms. ZHENG Ting	4 March 2005[(2)]	2,000,000	1.60	1.60
Full-time employees (other than directors)	4 March 2005[(2)]	11,870,000	1.60	1.60
		77,476,245		

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

Notes:

(1) The share options are exercisable as to:

- (i) up to 20% immediately after 6 months from the date of grant;
- (ii) up to 60% immediately after 18 months from the date of grant;
- (iii) up to 100% immediately after 30 months from the date of grant; and
- (iv) the share options will expire at the close of business on 3 March 2015.

(2) The share options are exercisable in full immediately 3 months after the date of grant and will expire at the close of business on 28 February 2015.

(3) No share options granted under the share option schemes of the Company were exercised, cancelled or lapsed during the year ended 31 March 2009.

SHARE OPTION SCHEMES *(Continued)*

(b) Share option scheme of CSC, a subsidiary as at 31 March 2009

The Company's shareholders approved at the extraordinary general meeting held on 21 September 2006 the adoption of a share option scheme by a CSC (the "CSC Scheme"). The CSC Scheme became effective on 21 September 2006 (the "Effective Date"). Principal terms of the CSC Scheme are summarised in note 35(b) to the financial statements.

A summary of share options granted under the CSC Scheme 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 31 March 2008 and 2009**	**Exercise price** HK$
Mr. KAM Yuen	21 September 2006[1]	10,000	450
Ms. ZHENG Ting	21 September 2006[1]	30,000	450
Full-time employees (other than directors)	21 September 2006[1]	60,000	450
		100,000	

Notes:

(1) The share options are exercisable as to:

(i) up to 30% immediately from the Effective Date;

(ii) up to 60% immediately after 12 months from the Effective Date;

(iii) up to 100% immediately after 18 months from the Effective Date; and

(iv) the share options will expire at the close of business on 27 August 2016.

(2) No share options granted under the CSC Scheme were exercised, cancelled or lapsed during the year ended 31 March 2009.

SHARE OPTION SCHEMES *(Continued)*

Information on the accounting policy for the share options granted and weighted average value per option is provided in note 2(r)(ii) and note 35 to the financial statements, respectively.

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 2009, the interests and short positions of the shareholders (not being directors or the chief executives of the Company) in the shares and underlying shares of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) 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 interest	No. of issued shares	Approximate percentage of the Company's issued share capital
Bio Garden(1)	Beneficial owner	372,084,000(5)	23.34%
Credit Suisse Trust Limited(2)	Trustee	372,084,000(5)	23.34%
Newcorp Ltd.(3)	Interest of controlled corporation	372,084,000(5)	23.34%
Mr. Kent C. McCarthy(4)	Interest of controlled corporation	415,686,604	26.08%
Jayhawk China Fund (Cayman), Ltd.(4)	Investment manager	159,290,735	10.00%

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 have more than 5% interests	Capacity and nature of interest	No. of issued shares	Approximate percentage of the Company's issued share capital
Atlantis Investment Management Ltd.	Investment Manager	92,236,197	5.79%
Martin Currie (Holdings) Limited	Interest of controlled corporation	110,568,000	6.94%

Notes:

(1) Bio Garden is an investment holding company incorporated in the BVI. It was wholly-owned by certain discretionary trusts of which Mr. KAM Yuen was the founder.

(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 beneficially owned 372,084,000 shares as at 31 March 2009. Gold Rich and Gold View were in turn indirectly wholly-owned by Credit Suisse Trust Limited as trustee of certain discretionary trusts as referred to in (1) above. Accordingly, Credit Suisse Trust Limited was deemed, under the SFO, to have an interest in the 372,084,000 shares held by Bio Garden.

(3) The corporate substantial shareholder notice filed by Newcorp Ltd. indicated that Golden Fountain Investments Limited ("Golden Fountain") had a 64% interest in Bio Garden which beneficially owned 372,084,000 shares as at 31 March 2009. Golden Fountain was in turn an indirect wholly-owned subsidiary of Newcorp Ltd. Accordingly, Newcorp Ltd. was deemed, under the SFO, to have an interest in the 372,084,000 shares held by Bio Garden.

(4) The interest disclosed by Mr. Kent C. McCarthy includes 159,290,735 shares held by Jayhawk China Fund (Cayman), Ltd.

(5) These interests represent the same block of shares of the Company.

Save as disclosed above, as at 31 March 2009, the directors are not aware of any other person or corporation having an interest or short position in the shares or underlying shares of the Company 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 of the Company, the Company has maintained the prescribed public float under the GEM Listing Rules during the year ended 31 March 2009 and under the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules") as at the date of this annual report.

DIRECTORS' INTERESTS IN CONTRACTS

No contract of significance to which the Company or any of its subsidiaries was a party, and in which a director of the Company had a material interest, subsisted at the end of the year or at any time during the year.

BANK LOANS AND OTHER BORROWINGS

Particulars of bank loans and other borrowings of the Group and the Company as at 31 March 2009 are set out in notes 30 and 31 to the financial statements.

RETIREMENT SCHEMES

Details of the Group's retirement schemes are set out in note 39 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 140 and 141 of this annual report.

CORPORATE GOVERNANCE

A report on the principal corporate governance practices adopted by the Company is set out on pages 17 to 25 of this annual report.

COMPETITION AND CONFLICT OF INTERESTS

None of the directors, the management shareholders or substantial shareholders of the Company or any of their respective associates 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.

CONFIRMATION OF INDEPENDENCE

The Company has received from each of the Independent Non-Executive Directors, namely Prof. CAO Gang, Mr. GAO Zong Ze and Prof. GU Qiao, an annual confirmation of their independence pursuant to Rule 3.13 of the Listing Rules and the Company considers the Independent Non-Executive Directors to be independent.

AUDITORS

KPMG retire and, being eligible, offer 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

KAM Yuen
Chairman
Hong Kong, 30 June 2009

KPMG

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

(Incorporated in the Cayman Islands with limited liability)

We have audited the consolidated financial statements of Golden Meditech Company Limited (the "Company") set out on pages 43 to 139, which comprise the consolidated and Company balance sheets as at 31 March 2009, the consolidated income statement, the consolidated and Company statements of changes in equity and the consolidated cash flow statement for the year then ended and a summary of significant accounting policies and other explanatory notes.

DIRECTORS' RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

The directors of the Company are responsible for the preparation and the true and fair presentation of these financial statements in accordance with Hong Kong Financial Reporting Standards issued by the Hong Kong Institute of Certified Public Accountants and the disclosure requirements of the Hong Kong Companies Ordinance. This responsibility includes designing, implementing and maintaining internal control relevant to the preparation and the true and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

AUDITOR'S RESPONSIBILITY

Our responsibility is to express an opinion on these financial statements based on our audit. 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.

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

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

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

OPINION

In our opinion, the consolidated financial statements give a true and fair view of the state of the Company's and the Group's affairs as at 31 March 2009 and of the Group's profit and cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards and have been properly prepared in accordance with the disclosure requirements of the Hong Kong Companies Ordinance.

KPMG
Certified Public Accountants
8th Floor, Prince's Building
10 Chater Road
Central, Hong Kong

30 June 2009

Consolidated Income Statement

for the year ended 31 March 2009
(Expressed in Hong Kong dollars)

	Note	2009 $'000	2008 $'000
Turnover	3	**497,756**	421,147
Cost of sales		**(145,650)**	(122,036)
Gross profit		**352,106**	299,111
Other revenue	4	**53,888**	64,174
Other net (loss)/income	5	**(82,894)**	332,435
Selling expenses		**(41,399)**	(33,027)
Administrative expenses		**(61,658)**	(127,382)
Profit from operations		**220,043**	535,311
Finance costs	6(a)	**(13,091)**	(20,628)
Gain on deemed disposal of partial interests in jointly controlled entities		**—**	55,416
Share of profits less losses of associates	19	**(132,606)**	(3,683)
Share of profits of jointly controlled entities	20	**47,985**	72,340
Profit before taxation	6	**122,331**	638,756
Income tax	7(a)	**(41,995)**	(24,244)
Profit for the year from continuing operations		**80,336**	614,512
Discontinued operation			
Profit for the year from discontinued operation	10	—	99,141
Profit for the year		**80,336**	713,653
Attributable to:			
Equity shareholders of the Company	11	**57,089**	683,744
Minority interests		**23,247**	29,909
Profit for the year		**80,336**	713,653

Consolidated Income Statement

for the year ended 31 March 2009
(Expressed in Hong Kong dollars)

	Note	**2009** **$'000**	2008 $'000
Earnings per share	13		
Basic (in cents)			
– From continuing and discontinued operations		**3.7**	44.1
– From continuing operations		**3.7**	37.7
– From discontinued operation		**—**	6.4
Diluted (in cents)			
– From continuing and discontinued operations		**3.6**	42.4
– From continuing operations		**3.6**	36.3
– From discontinued operation		**—**	6.1

The notes on pages 53 to 139 form part of these financial statements.

Consolidated Balance Sheet

at 31 March 2009
(Expressed in Hong Kong dollars)

	Note	2009		2008	
		$'000	**$'000**	$'000	$'000
Non-current assets					
Fixed assets	15(a)				
– Property, plant and equipment			**410,479**		347,274
– Interests in leasehold land held for own use under operating leases			**4,290**		4,299
			414,769		351,573
Intangible assets	16		**84,079**		85,488
Goodwill	17		**67,169**		67,169
Interests in associates	19		**518,715**		713,743
Interests in jointly controlled entities	20		**712,639**		657,764
Available-for-sale equity securities	21		**143,260**		410,192
Other financial assets	22		**944,346**		481,819
Deferred tax assets	32(b)		**6,794**		5,482
			2,891,771		2,773,230
Current assets					
Other investments	23	**50,585**		131,951	
Inventories	24(a)	**58,121**		49,028	
Trade receivables	25	**209,685**		161,241	
Other receivables, deposits and prepayments	26	**88,117**		76,880	
Current taxation recoverable	32(a)	**4,255**		—	
Cash and bank balances	27	**811,318**		997,747	
		1,222,081		1,416,847	
Current liabilities					
Trade payables	28	**39,524**		25,467	
Other payables and accruals	29	**67,599**		158,375	
Bank loans	30	**—**		9,000	
Obligations under a finance lease	31	**877**		—	
Current taxation payable	32(a)	**4,892**		6,064	
Amounts due to associates	19	**15,616**		—	
		128,508		198,906	
Net current assets			**1,093,573**		1,217,941
Total assets less current liabilities			**3,985,344**		3,991,171

at 31 March 2009
(Expressed in Hong Kong dollars)

	Note	2009		2008	
		$'000	$'000	$'000	$'000
Non-current liabilities					
Deferred income	33	**84,039**		79,967	
Other non-current liabilities		**15,494**		15,425	
Bank loans	30	**345,704**		342,815	
Obligations under a finance lease	31	**2,585**		—	
			447,822		438,207
NET ASSETS			**3,537,522**		3,552,964
CAPITAL AND RESERVES					
Share capital	34(a)		**159,392**		154,352
Reserves	34(b)		**3,020,968**		3,078,546
Total equity attributable to equity shareholders of the Company			**3,180,360**		3,232,898
Minority interests			**357,162**		320,066
TOTAL EQUITY			**3,537,522**		3,552,964

Approved and authorised for issue by the board of directors on 30 June 2009

KAM Yuen
Director

LU Tian Long
Director

The notes on pages 53 to 139 form part of these financial statements.

Balance Sheet

at 31 March 2009
(Expressed in Hong Kong dollars)

	Note	2009		2008	
		$'000	**$'000**	$'000	$'000
Non-current assets					
Property, plant and equipment	15(b)		**6,318**		3,131
Interests in subsidiaries	18(a)		**772,304**		1,021,556
Other financial assets	22		**809,687**		399,077
			1,588,309		1,423,764
Current assets					
Other investments	23	**120**		28,523	
Other receivables, deposits and prepayments		**5,948**		3,843	
Cash and bank balances	27	**29,864**		68,256	
		35,932		100,622	
Current liabilities					
Other payables and accruals	29	**8,555**		53,788	
Bank loans	30	**—**		9,000	
Obligations under a finance lease	31	**877**		—	
Amounts due to associates	19	**15,395**		—	
		24,827		62,788	
Net current assets			**11,105**		37,834
Total assets less current liabilities			**1,599,414**		1,461,598
Non-current liabilities					
Amounts due to subsidiaries	18(b)	**56,402**		—	
Bank loans	30	**232,492**		232,024	
Obligations under a finance lease	31	**2,585**		—	
			291,479		232,024
NET ASSETS			**1,307,935**		1,229,574
CAPITAL AND RESERVES					
Share capital	34(a)		**159,392**		154,352
Reserves	34(b)		**1,148,543**		1,075,222
TOTAL EQUITY			**1,307,935**		1,229,574

Approved and authorised for issue by the board of directors on 30 June 2009

KAM Yuen
Director

LU Tian Long
Director

The notes on pages 53 to 139 form part of these financial statements.

Consolidated Statement of Changes in Equity

for the year ended 31 March 2009
(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 reserve $'000	Retained profits $'000	Total $'000	Minority interests $'000	Total equity $'000
At 1 April 2008		154,352	1,018,875	4,908	13,388	54,193	207,126	78,828	157,906	(4,670)	1,547,992	3,232,898	320,066	3,552,964
Changes in fair value of available-for-sale equity securities		—	—	—	—	—	—	—	(116,899)	—	—	(116,899)	(12,365)	(129,264)
Share of fair value reserve of jointly controlled entities		—	—	—	—	—	—	—	(4,263)	—	—	(4,263)	—	(4,263)
Exchange differences on translation of financial statements of companies outside Hong Kong		—	—	—	—	—	12,006	—	—	—	—	12,006	5,170	17,176
Net income/(expense) recognised directly in equity		—	—	—	—	—	12,006	—	(121,162)	—	—	(109,156)	(7,195)	(116,351)
Transfer to profit or loss on disposal of available-for-sale equity securities		—	—	—	—	—	—	—	(59,703)	—	—	(59,703)	—	(59,703)
Transfer to profit or loss on impairment of available-for-sale equity securities		—	—	—	—	—	—	—	21,582	—	—	21,582	21,044	42,626
Profit for the year		—	—	—	—	—	—	—	—	—	57,089	57,089	23,247	80,336
Total recognised income and expense for the year		—	—	—	—	—	12,006	—	(159,283)	—	57,089	(90,188)	37,096	(53,092)
Movements in equity arising from capital transactions:														
Issue of shares	34(a)(i)	6,000	51,474	—	—	—	—	—	—	—	—	57,474	—	57,474
Shares repurchased and cancelled	34(a)(ii)	(960)	(18,864)	960	—	—	—	—	—	—	(960)	(19,824)	—	(19,824)
Transfer to surplus reserve		—	—	—	—	—	—	2,302	—	—	(2,302)	—	—	—
		5,040	32,610	960	—	—	—	2,302	—	—	(3,262)	37,650	—	37,650
At 31 March 2009		**159,392**	**1,051,485**	**5,868**	**13,388**	**54,193**	**219,132**	**81,130**	**(1,377)**	**(4,670)**	**1,601,819**	**3,180,360**	**357,162**	**3,537,522**

	Note	Attributable to equity shareholders of the Company												
		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 reserve $'000	Retained profits $'000	Total $'000	Minority interests $'000	Total equity $'000
At 1 April 2007		152,222	998,913	1,523	17,288	54,193	98,312	61,233	322,051	(173,998)	1,028,417	2,560,154	162,151	2,722,305
Changes in fair value of available-for-sale equity securities		—	—	—	—	—	—	—	335,179	—	—	335,179	(5,821)	329,358
Exchange differences on translation of financial statements of companies outside Hong Kong		—	—	—	—	—	141,580	—	—	—	—	141,580	19,139	160,719
Net income recognised directly in equity		—	—	—	—	—	141,580	—	335,179	—	—	476,759	13,318	490,077
Transfer to profit or loss on disposal of available-for-sale equity securities		—	—	—	—	—	—	—	(499,324)	—	—	(499,324)	—	(499,324)
Disposal of subsidiaries		—	—	—	—	—	(32,766)	—	—	96,000	(96,000)	(32,766)	—	(32,766)
Profit for the year		—	—	—	—	—	—	—	—	—	683,744	683,744	29,909	713,653
Total recognised income and expense for the year		—	—	—	—	—	108,814	—	(164,145)	96,000	587,744	628,413	43,227	671,640
Dividend approved in respect of the previous year	12	—	—	—	—	—	—	—	—	—	(47,189)	(47,189)	—	(47,189)
Movements in equity arising from capital transactions:														
Equity-settled share-based transactions		—	—	—	2,850	—	—	—	—	—	—	2,850	2,128	4,978
Contribution from minority shareholders		—	—	—	—	—	—	—	—	73,328	—	73,328	112,560	185,888
Shares repurchased and cancelled	34(a)(ii)	(3,385)	(89,591)	3,385	—	—	—	—	—	—	(3,385)	(92,976)	—	(92,976)
Issue of shares upon conversion of convertible bonds	34(a)(iii)	5,263	101,205	—	(6,740)	—	—	—	—	—	—	99,728	—	99,728
Issue of shares upon exercise of share options	34(a)(iv)	10	160	—	(10)	—	—	—	—	—	—	160	—	160
Issue of shares for scrip dividend	34(a)(v)	242	8,188	—	—	—	—	—	—	—	—	8,430	—	8,430
Transfer to surplus reserve		—	—	—	—	—	—	17,595	—	—	(17,595)	—	—	—
		2,130	19,962	3,385	(3,900)	—	—	17,595	—	73,328	(20,980)	91,520	114,688	206,208
At 31 March 2008		154,352	1,018,875	4,908	13,388	54,193	207,126	78,828	157,906	(4,670)	1,547,992	3,232,898	320,066	3,552,964

The notes on pages 53 to 139 form part of these financial statements.

Statement of Changes in Equity

for the year ended 31 March 2009
(Expressed in Hong Kong dollars)

	Note	**Share capital $'000**	**Share premium $'000**	**Capital redemption reserve $'000**	**Capital reserve $'000**	**Retained profits $'000**	**Total $'000**
At 1 April 2008		154,352	1,018,875	4,908	10,165	41,274	1,229,574
Profit for the year	11	—	—	—	—	40,711	40,711
Movements in equity arising from capital transactions:							
Issue of shares	34(a)(i)	6,000	51,474	—	—	—	57,474
Shares repurchased and cancelled	34(a)(ii)	(960)	(18,864)	960	—	(960)	(19,824)
		5,040	32,610	960	—	(960)	37,650
At 31 March 2009		**159,392**	**1,051,485**	**5,868**	**10,165**	**81,025**	**1,307,935**

	Note	Share capital $'000	Share premium $'000	Capital redemption reserve $'000	Capital reserve $'000	Retained profits $'000	Total $'000
At 1 April 2007		152,222	998,913	1,523	16,214	199,881	1,368,753
Loss for the year	11	—	—	—	—	(108,033)	(108,033)
Dividend approved in respect of the previous year	12	—	—	—	—	(47,189)	(47,189)
Movements in equity arising from capital transactions:							
Equity settled share-based transactions		—	—	—	701	—	701
Shares repurchased and cancelled	34(a)(ii)	(3,385)	(89,591)	3,385	—	(3,385)	(92,976)
Issue of shares upon conversion of convertible bonds	34(a)(iii)	5,263	101,205	—	(6,740)	—	99,728
Issue of shares upon exercise of share options	34(a)(iv)	10	160	—	(10)	—	160
Issue of shares for scrip dividend	34(a)(v)	242	8,188	—	—	—	8,430
		2,130	19,962	3,385	(6,049)	(3,385)	16,043
At 31 March 2008		154,352	1,018,875	4,908	10,165	41,274	1,229,574

The notes on pages 53 to 139 form part of these financial statements.

Consolidated Cash Flow Statement

for the year ended 31 March 2009
(Expressed in Hong Kong dollars)

	Note	2009 $'000	2008 $'000
Operating activities			
Profit before taxation			
– From continuing operations		**122,331**	638,756
– From discontinued operation	10(a)	**—**	99,273
		122,331	738,029
Adjustments for:			
– Depreciation	15(a)	**21,200**	21,131
– Amortisation of land lease premium	15(a)	**103**	173
– Amortisation of intangible assets	16	**3,271**	23,894
– Interest income	4	**(30,453)**	(34,079)
– Dividend income from investments in securities	4	**(6,750)**	(1,508)
– Transfer from equity on disposal of available-for-sale equity securities	5	**(59,703)**	(499,324)
– Transfer from equity on impairment of available-for-sale equity securities	5	**42,626**	—
– Net realised and unrealised loss on trading securities and derivatives	5	**5,339**	149,449
– Net realised and unrealised loss on financial assets at fair value through profit or loss	5	**9,201**	13,073
– Net (gain)/loss on disposal of property, plant and equipment	5	**(14)**	413
– Finance costs	6(a)	**13,091**	20,628
– Gain on disposal of subsidiaries	10(a)	**—**	(124,971)
– Gain on deemed disposal of partial interests in jointly controlled entities		**—**	(55,416)
– Share of profits less losses of associates	19	**132,606**	3,683
– Share of profits of jointly controlled entities	20	**(47,985)**	(72,340)
– Equity-settled share based payment expenses	6(b)	**—**	4,978
– Effect of foreign exchange rates		**83,988**	4,133
Operating profit before changes in working capital		**288,851**	191,946
Increase in non-current trade receivables		**(72,810)**	(15,167)
Decrease/(increase) in non-current prepayments		**2,243**	(18,751)
Increase in inventories		**(8,022)**	(8,430)
(Increase)/decrease in trade receivables		**(44,921)**	10,492
Increase in other receivables, deposits and prepayments		**(50,301)**	(10,173)
Increase/(decrease) in trade payables		**13,501**	(7,217)
(Decrease)/increase in other payables and accruals		**(28,524)**	45,022
Increase in deferred income		**2,325**	41,444
(Decrease)/increase in other non-current liabilities		**(268)**	11,741

Consolidated Cash Flow Statement

for the year ended 31 March 2009
(Expressed in Hong Kong dollars)

	Note	2009 $'000	2008 $'000
Cash generated from operations		**102,074**	240,907
The People's Republic of China ("PRC") Income Tax paid		**(48,744)**	(28,771)
Net cash generated from operating activities		**53,330**	212,136
Investing activities			
Payment for construction in progress		**(41,862)**	(90,038)
Proceeds from disposal of property, plant and equipment		**901**	68
Payment for acquisition of property, plant and equipment		**(40,812)**	(19,475)
Cash advances to associates		**(3,304)**	(21,555)
Payment for financial assets at fair value through profit or loss		**—**	(77,999)
Proceeds from disposal of financial assets at fair value through profit or loss		**55,725**	—
Payment for available-for-sale equity securities		**(12,673)**	(111,469)
Proceeds from disposal of available-for-sale equity securities		**167,932**	546,997
Payment for trading securities		**—**	(141,573)
Proceeds from sale of trading securities		**11,838**	39,101
Earnest money for acquisition of subsidiary and associate	22(b)	**(411,666)**	(395,621)
Net cash inflow from acquisition of subsidiary		**—**	525
Net cash outflow from disposal of subsidiaries		**—**	(2,283)
Interest received		**7,306**	28,634
Dividend received from investments in securities		**6,750**	1,508
Net cash used in investing activities		**(259,865)**	(243,180)
Financing activities			
Capital element of finance lease rentals paid		**(695)**	—
Proceeds from issue of ordinary shares	34(a)(i)	**57,474**	—
Payment for repurchase of shares	34(a)(ii)	**(19,824)**	(92,976)
Proceeds from new bank loans		**—**	342,815
Repayment of bank loan		**(9,000)**	(101,122)
Contribution from minority shareholders		**—**	178,884
Proceeds from partial disposal of subsidiary		**—**	7,004
Proceeds from shares issued under share option scheme	34(a)(iv)	**—**	160
Dividend paid		**—**	(38,759)
Interest element of finance lease rentals paid		**(174)**	—
Interest paid on loans and other borrowings		**(23,657)**	(9,136)
Net cash generated from financing activities		**4,124**	286,870
Net (decrease)/increase in cash and cash equivalents		**(202,411)**	255,826
Cash and cash equivalents at beginning of the year		**997,747**	688,226
Effect of foreign exchange rates changes		**15,982**	53,695
Cash and cash equivalents at end of the year	27	**811,318**	997,747

The notes on pages 53 to 139 form part of these financial statements.

1 BACKGROUND

Golden Meditech Company 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.

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 Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards ("HKASs") and Interpretations issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"), accounting principles generally accepted in Hong Kong and the disclosure 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"). A summary of the significant accounting policies adopted by the Group is set out 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 and the Company. The adoption of the new and revised HKFRSs has no material impact on the financial statements for the years presented.

The Company has not applied any standard or interpretation that is not yet effective for the current accounting period (see note 44).

(b) Basis of preparation of the financial statements

The consolidated financial statements for the year ended 31 March 2009 comprise the Company and its subsidiaries and the Group's interests in associates and jointly controlled entities.

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

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 estimates with a significant risk of material adjustment in the next year are discussed in note 43.

2 SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

(c) Subsidiaries and minority interests

Subsidiaries are entities controlled by the Group. Control exists when the Group has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. In assessing control, potential voting rights that presently are exercisable are taken into account.

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 and transactions 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.

Minority interests represent the portion of the net assets of subsidiaries attributable to interests that are not owned by the Group, whether directly or indirectly through subsidiaries, 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. Minority interests are presented in the consolidated balance sheet within equity, separately from equity attributable to the equity shareholders of the Company. Minority interests in the results of the Group are presented on the face of the consolidated income statement as an allocation of the total profit or loss for the year between minority interests and the equity shareholders of the Company.

Where losses applicable to the minority exceed the minority's interest in the equity of a subsidiary, the excess, and any further losses applicable to the minority, are charged against the Group's interest except to the extent that the minority has a binding obligation to, and is able to, make additional investment to cover the losses. If the subsidiary subsequently reports profits, the Group's interest is allocated all such profits until the minority's share of losses previously absorbed by the Group has been recovered.

When the Group acquires any minority interests, no fair value adjustment is made to the identifiable net assets acquired. The excess of the purchase price over the carrying value of minority interests acquired is recognised in equity. Where the Group's interest in a subsidiary is decreased without losing control, any gain or loss on the partial disposal or deemed disposal is recognised in equity.

In the Company's balance sheet, an investment in a subsidiary is stated at cost less impairment losses (see note 2(k)(ii)).

2 SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

(d) Associates and jointly controlled entities

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 jointly controlled entity is an entity which operates under a contractual arrangement between the Group and other parties, where the contractual arrangement establishes that the Group and one or more of the other parties share joint control over the economic activity of the entity.

An investment in an associate or a jointly controlled entity is accounted for in the consolidated financial statements under the equity method and is initially recorded at cost and adjusted thereafter for the post acquisition change in the Group's share of the associate's or the jointly controlled entity's net assets. The consolidated income statement includes the Group's share of the post-acquisition, post-tax results of the associates and jointly controlled entities for the year, including any impairment loss on goodwill relating to the investment in associates and jointly controlled entities recognised for the year (see notes 2(e) and (k)(ii)).

When the Group's share of losses exceeds its interest in the associate or the jointly controlled entity, 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 associate or the jointly controlled entity. For this purpose, the Group's interest in the associate or the jointly controlled entity 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 jointly controlled entity.

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

(e) Goodwill

Goodwill represents the excess of the cost of a business combination or an investment in an associate or jointly controlled entity over the Group's interest in the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities.

Goodwill is stated at cost less accumulated impairment losses. Goodwill is allocated to cash-generating units and is tested annually for impairment (see note 2(k)(ii)). In respect of associates and jointly controlled entities, the carrying amount of goodwill is included in the carrying amount of the interest in the associates and jointly controlled entities respectively.

Any excess of the Group's interest in the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities over the cost of a business combination or an investment in an associate or jointly controlled entity is recognised immediately in profit or loss.

On disposal of a cash-generating unit, an associate or a jointly controlled entity 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)*

(f) 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 jointly controlled entities are as follows:

Investments in debt and equity securities are initially stated at cost, which is their transaction price unless fair value can be more reliably estimated using valuation techniques whose variables include 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:

Investment in a financial instrument is designated as at fair value through profit or loss upon initial recognition when the asset contains an embedded derivative that significantly modifies the cash flows that would otherwise be required under the contract and the separation of the embedded derivative from the financial instrument is not prohibited (see note 2(g)).

For investments in securities designated as at fair value through profit or loss or which are held for trading, any attributable transaction costs are recognised in profit or loss as incurred. At each balance sheet date 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(u)(v) and (vi).

Investments in equity securities that do not have a quoted market price in an active market and whose fair value cannot be reliably measured are recognised in the balance sheet at cost less impairment losses (see note 2(k)(i)).

Investments in securities which do not fall into any of the above categories are classified as available-for-sale securities. At each balance sheet date the fair value is remeasured, with any resultant gain or loss being recognised directly in equity, except foreign exchange gains and losses resulting from changes in the amortised cost of monetary items such as debt securities which are recognised directly in profit or loss. Dividend income from these investments is recognised in accordance with the policy set out in note 2(u)(v). Where these investments are interest-bearing, interest calculated using the effective interest method is recognised in profit or loss in accordance with the policy set out in note 2(u)(vi). When these investments are derecognised or impaired (see note 2(k)(i)), the cumulative gain or loss previously recognised directly in equity is recognised in profit or loss.

Investments are recognised/derecognised on the date the Group commits to purchase/sell the investments or they expire.

(g) Derivative financial instruments

Derivative financial instruments are recognised initially at fair value. At each balance sheet date the fair value is remeasured. The gain or loss on remeasurement to fair value is charged immediately to profit or loss.

An embedded derivative is a component of a hybrid or combined instrument that includes both the derivative and a host contract with the effect that some of the cash flows of the combined instrument vary in a way similar to a stand-alone derivative. The embedded derivatives are separated from the host contract and accounted for as a derivative when and only when (a) the economic characteristics and risks of the embedded derivative are not closely related to the host contract; and (b) the hybrid (combined) instrument is not measured at fair value with changes in fair value recognised in profit or loss.

When the embedded derivative is separated, the host contract is accounted for in accordance with notes 2(f), (m), (o) or (p) depending on the nature of the host contract.

2 SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

(h) Property, plant and equipment

Property, plant and equipment is stated in the balance sheet at cost less accumulated depreciation and impairment losses (see note 2(k)(ii)).

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 (see note 2(w)).

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	10 - 30 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	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)*

(i) 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 cost of materials, direct labour and an appropriate proportion of overheads and borrowing costs, where applicable (see note 2(w)). Capitalised development costs are stated at cost less accumulated amortisation and impairment losses (see note 2(k)(ii)). 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 in the balance sheet at cost less accumulated amortisation (where the estimated useful life is finite) and impairment losses (see note 2(k)(ii)). 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:

Licences and certificates	8 years
Capitalised development costs	20 years
Proprietary Chinese medicine formulae	20 years
Operating rights for cord blood banks	30 years

Both the period and method of amortisation are reviewed annually.

(j) 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 regardless of whether the arrangement takes the legal form of a lease or not.

(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, with the exception that land held for own use under an operating lease, the fair value of which cannot be measured separately from the fair value of a building situated thereon at the inception of the lease, is accounted for as being held under a finance lease, unless the building is also clearly held under an operating lease. For these purposes, the inception of the lease is the time that the lease was first entered into by the Group or taken over from the previous lessee.

2 SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

(j) 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 asset, or, if lower, the present value of the minimum lease payments of such assets are included in fixed assets 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 asset, the life of the asset, as set out in note 2(h). Impairment losses are accounted for in accordance with the accounting policy as set out in note 2(k)(ii). 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 asset. Lease incentives received are recognised in profit or loss as an integral part of the aggregate net lease payments made.

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

(k) Impairment of assets

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

Investments in debt and equity securities (other than investments in subsidiaries, associates and jointly controlled entities: see note 2(k)(ii)) and other receivables that are stated at cost or amortised cost or are classified as available-for-sale securities are reviewed at each balance sheet date 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.

2 SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

(k) Impairment of assets (Continued)

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

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

— For unquoted equity securities and receivables 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 unquoted equity securities are not reversed.

— 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 the asset), where the effect of discounting is material. This assessment is made collectively where financial assets carried at amortised cost 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 directly in equity is removed from equity and is recognised in 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 directly in equity.

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.

2 SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

(k) Impairment of assets (Continued)

(ii) Impairment of other assets

Internal and external sources of information are reviewed at each balance sheet date 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;
- investments in subsidiaries, associates and jointly controlled entities; and
- goodwill.

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 net selling price 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 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 generate cash inflows independently (i.e. a cash-generating unit).

- Recognition of impairment losses

  An impairment loss is recognised in profit or loss whenever 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 to sell, 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 impairment losses 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)*

(k) Impairment of assets (Continued)

(iii) Interim financial reporting and impairment

The Group was required to prepare interim financial reports in compliance with HKAS 34, *Interim financial reporting*, in respect of each of the first three quarters of the financial years ended 31 March 2009 and 2008. At the end of each interim period, the Group applied the same impairment testing recognition and reversal criteria as it would at the end of the financial year (see notes 2(k)(i) and (ii)).

Impairment losses recognised in an interim period in respect of goodwill, available-for-sale equity 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.

(l) Inventories

Inventories are stated 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, the appropriate share of overheads based on normal operating capacity and other costs incurred in bringing the inventories to their present location and condition.

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.

(m) Trade and other receivables

Trade and other receivables are initially recognised at fair value and thereafter stated at amortised cost less allowance for impairment of doubtful debts (see note 2(k)(i)), 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.

2 SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

(n) Convertible bonds

Convertible bonds that can be converted to equity share capital at the option of the holder, where the number of shares that would be issued on conversion and the value of the consideration that would be received at that time do not vary, are accounted for as compound financial instruments which contain both a liability component and an equity component.

At initial recognition the liability component of the convertible bonds is measured as the present value of the future interest and principal payments, discounted at the market rate of interest applicable at the time of initial recognition to similar liabilities that do not have a conversion option. Any excess of proceeds over the amount initially recognised as the liability component is recognised as the equity component. Transaction costs that relate to the issue of a compound financial instrument are allocated to the liability and equity components in proportion to the allocation of proceeds.

The liability component is subsequently carried at amortised cost. The interest expense recognised in profit or loss on the liability component is calculated using the effective interest method. The equity component is recognised in the capital reserve until either the bond is converted or redeemed.

If the bond is converted, the capital reserve, together with the carrying value of the liability component at the time of conversion, is transferred to share capital and share premium as consideration for the shares issued. If the bond is redeemed, the capital reserve is released directly to retained profits.

(o) 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.

(p) Trade and other payables

Trade and other payables are initially recognised at fair value. Except for financial guarantee liabilities measured in accordance with note 2(t)(i), 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.

(q) 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.

2 SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

(r) 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 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 the grant date using the Black Scholes model, taking into account the terms and conditions under which the share options were granted. Where the employees have to meet vesting conditions before becoming unconditionally entitled to the share options, the total estimated fair value of the share options is spread over the vesting period, taking into account the probability that the share options will vest.

During the vesting period, the number of share options that is expected to vest is reviewed. Any adjustment to the cumulative fair value recognised in prior years is charged/credited to 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 the vesting date, the amount recognised as an expense is adjusted to reflect the actual number of share options 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 is exercised (when it is transferred to the share premium account) or the share option expires (when it is released directly to retained profits).

(iii) Termination benefits

Termination benefits are recognised when, and only when, the Group demonstrably commits itself to terminate employment or to provide benefits as a result of voluntary redundancy by having a detailed formal plan which is without realistic possibility of withdrawal.

2 SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

(s) 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 directly in equity, in which case they are recognised in equity.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the balance sheet date, and any adjustment 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 asset 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 asset 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 balance sheet date. Deferred tax assets and liabilities are not discounted.

The carrying amount of a deferred tax asset is reviewed at each balance sheet date 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.

2 SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

(s) Income tax (Continued)

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.

(t) Financial guarantees issued, provisions and contingent liabilities

(i) Financial guarantees issued

Financial guarantees are contracts that require the issuer (i.e. the guarantor) to make specified payments to reimburse the beneficiary of the guarantee (the "holder") for a loss the holder incurs because a specified debtor fails to make payment when due in accordance with the terms of a debt instrument.

When the Group issues a financial guarantee, the fair value of the guarantee (being the transaction price, unless the fair value can otherwise be reliably estimated) is initially recognised as deferred income within trade and other payables. Where consideration is received or receivable for the issuance of the guarantee, the consideration is recognised in accordance with the Group's policies applicable to that category of asset. Where no such consideration is received or receivable, an immediate expense is recognised in profit or loss on initial recognition of any deferred income.

The amount of the guarantee initially recognised as deferred income is amortised in profit or loss over the term of the guarantee as income from financial guarantees issued. In addition, provisions are recognised in accordance with note 2(t)(ii) if and when it becomes probable that the holder of the guarantee will call upon the Group under the guarantee, and the amount of that claim on the Group is expected to exceed the amount currently carried in trade and other payables in respect of that guarantee, i.e. the amount initially recognised, less accumulated amortisation.

2 SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

(t) Financial guarantees issued, provisions and contingent liabilities (Continued)

(ii) Other provisions and contingent liabilities

Provisions are recognised for other liabilities of uncertain timing or amount when the Company or the Group 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.

(u) Revenue recognition

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 returns and allowances.

(ii) Service income

Revenue is recognised when the related services are rendered. Service income received in advance is recognised as deferred income in the consolidated balance sheet and recognised as income on a straight-line basis over the service period.

(iii) VAT refunds

VAT refunds are recognised as income in the accounting period in which they are earned.

(iv) Government grants

Government grants are recognised in the balance sheet initially as deferred income when there is reasonable assurance that they will be received and that the Group will comply with the conditions attached to them. Grants that compensate the Group for expenses incurred are recognised as revenue 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 recognised in profit or loss as revenue on a systematic basis over the useful life of the asset.

2 SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

(u) Revenue recognition (Continued)

(v) Dividends

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

(vi) Interest income

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

(vii) Compensation income

Compensation income is recognised when there is a reasonable assurance that it will be received.

(v) 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 balance sheet date. 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 determined.

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. Balance sheet items, including goodwill arising on consolidation of foreign operations acquired on or after 1 April 2005, are translated into Hong Kong dollars at the foreign exchange rates ruling at the balance sheet date. The resulting exchange differences are recognised directly in a separate component of equity. Goodwill arising on consolidation of an operation outside Hong Kong 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 recognised in equity which relate to that operation is included in the calculation of the profit or loss on disposal.

(w) Borrowing costs

Borrowing costs are expensed in profit or loss in the period in which they are incurred, except to the extent that they are capitalised as being 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.

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)*

(x) Discontinued operations

A discontinued 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 co-ordinated 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 discontinued operation occurs upon disposal or when the operation meets the criteria to be 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 operation is available for sale in its present condition, if earlier. It also occurs when the operation is abandoned.

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

— the post-tax profit or loss of the discontinued 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 discontinued operation.

(y) Related parties

For the purposes of these financial statements, a party is considered to be related to the Group if:

(i) the party has the ability, directly or indirectly through one or more intermediaries, to control the Group or exercise significant influence over the Group in making financial and operating policy decisions, or has joint control over the Group;

(ii) the Group and the party are subject to common control;

(iii) the party is an associate of the Group or a joint venture in which the Group is a venturer;

(iv) the party is a member of key management personnel of the Group or the Group's parent, or a close family member of such an individual, or is an entity under the control, joint control or significant influence of such individuals;

(v) the party is a close family member of a party referred to in (i) or is an entity under the control, joint control or significant influence of such individuals; or

(vi) the party is a post-employment benefit plan which is for the benefit of employees of the Group or of any entity that is a related party of the Group.

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

2 SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

(z) Segment reporting

A segment is a distinguishable component of the Group that is engaged either in providing products or services (business segment), or in providing products or services within a particular economic environment (geographical segment), which is subject to risks and rewards that are different from those of other segments.

In accordance with the Group's internal financial reporting system, the Group has chosen business segment information as the primary reporting format for the purposes of these financial statements.

Segment revenue, expenses, results, assets and liabilities include items directly attributable to a segment as well as those that can be allocated on a reasonable basis to that segment. For example, segment assets may include inventories, trade receivables and property, plant and equipment. Segment revenue, expenses, assets and liabilities are determined before intra-group balances and intra-group transactions are eliminated as part of the consolidation process, except to the extent that such intra-group balances and transactions are between group entities within a single segment. Inter-segment pricing is based on similar terms as those available to other external parties.

Segment capital expenditure is the total cost incurred during the period to acquire segment assets (both tangible and intangible) that are expected to be used for more than one period.

Unallocated items mainly comprise financial and corporate assets, interest-bearing loans, borrowings, tax balances and corporate and financing expenses.

3 TURNOVER

The Company acts as an investment holding company and the Group is principally engaged in the manufacture and sale of autologous blood recovery system machines ("ABRS Machines") and disposable blood processing chambers and related accessories ("Disposable Chambers") and provision of examination, processing, separation and storage services and application-related services for blood stem cells ("Cord Blood Bank").

Turnover represents the amounts received and receivable for goods sold, less returns, allowances, VAT and other sales tax and income from services rendered to customers, less business tax of $12,282,000 (2008: $7,790,000).

Turnover recognised during the year is analysed as follows:

	2009	2008
	$'000	$'000
Continuing operations		
Sales of ABRS Machines	**203,378**	224,446
Sales of Disposable Chambers	**73,157**	58,892
Cord Blood Bank service income	**221,221**	137,809
	497,756	421,147
Discontinued operation (note 10)		
Sales of natural herbal medicines	**—**	5,325
	497,756	426,472

4 OTHER REVENUE

	2009	2008
	$'000	$'000
Continuing operations		
Interest income on financial assets not at fair value through profit or loss	**30,453**	31,228
Interest income on financial assets at fair value through profit or loss	**—**	2,840
VAT refunds	**16,644**	18,491
Compensation income	**—**	9,898
Dividend income from listed securities	**6,750**	1,508
Sundry income	**41**	209
	53,888	64,174
Discontinued operation (note 10)		
Interest income on financial assets not at fair value through profit or loss	**—**	11
	53,888	64,185

Pursuant to the relevant government policies and approval documents from the local government authorities, one of the Group's PRC subsidiaries is entitled to a VAT refund which is calculated at approximately 14% (2008: 14%) of sales of software products embedded in the ABRS Machines.

5 OTHER NET (LOSS)/INCOME

	2009 $'000	2008 $'000
Continuing operations		
Available-for-sale equity securities: transfer from equity		
– on disposal	**59,703**	499,324
– on impairment	**(42,626)**	—
Net realised and unrealised loss on trading securities and derivatives	**(5,339)**	(149,449)
Net realised and unrealised loss on financial assets		
at fair value through profit or loss	**(9,201)**	(13,073)
Exchange loss	**(85,923)**	(4,381)
Net gain/(loss) on disposal of property, plant and equipment	**14**	(282)
Others	**478**	296
	(82,894)	332,435
Discontinued operation (note 10)		
Net loss on disposal of property, plant and equipment	**—**	(131)
	(82,894)	332,304

6 PROFIT BEFORE TAXATION

Profit before taxation is arrived at after charging:

		2009 $'000	2008 $'000
(a)	Finance costs:		
	Continuing operations		
	Interest on bank loans wholly repayable within five years	**12,221**	18,558
	Interest on convertible bonds	**—**	1,304
	Other borrowing costs	**696**	766
	Finance charges on obligations under a finance lease	**174**	—
		13,091	20,628
(b)	Staff costs #:		
	Continuing operations		
	Salaries, wages and other benefits	**19,161**	95,333
	Contributions to defined contribution retirement plans	**5,319**	2,655
	Equity settled share-based payment expenses	**—**	4,978
		24,480	102,966
	Discontinued operation		
	Salaries, wages and other benefits	**—**	1,610
	Contributions to defined contribution retirement plans	**—**	401
		—	2,011
		24,480	104,977

Salaries, wages and other benefits include a credit of $30,493,000 (2008: $Nil), being discretionary bonuses declared for the year ended 31 March 2008 which were voluntarily surrendered by staff during the year ended 31 March 2009.

6 PROFIT BEFORE TAXATION *(Continued)*

	2009 $'000	2008 $'000
(c) Other items:		
Continuing operations		
Cost of inventories#	**113,995**	101,107
Amortisation of land lease premium#	**103**	95
Amortisation of intangible assets#	**3,271**	2,946
Depreciation of property, plant and equipment#	**21,200**	16,274
Impairment loss on trade and other receivables	**7,725**	765
Research and development costs	**5,313**	3,558
Auditor's remuneration		
– audit services	**4,269**	4,718
– other services	**831**	1,500
Operating lease charges in respect of#		
– properties	**13,619**	7,152
– other assets	**730**	520
Discontinued operation		
Cost of inventories#	**—**	3,697
Amortisation of land lease premium#	**—**	78
Amortisation of intangible assets#	**—**	20,948
Depreciation of property, plant and equipment#	**—**	4,857
Research and development costs	**—**	406

Cost of inventories includes $11,389,000 (2008: $10,040,000) from continuing operations and $Nil (2008: $2,576,000) from discontinued operation 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.

7 INCOME TAX IN THE CONSOLIDATED INCOME STATEMENT

(a) Continuing operations

(i) Taxation in the consolidated income statement represents:

	2009 $'000	2008 $'000
Current tax – Outside Hong Kong		
PRC income tax for the year	**43,185**	28,659
Deferred tax		
Effect of change in tax rate	**2,710**	(1,224)
Origination and reversal of temporary differences	**(3,900)**	(3,191)
	(1,190)	(4,415)
	41,995	24,244

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

	2009 $'000	2008 $'000
Profit before taxation	**122,331**	638,756
Notional taxation on profit before taxation, calculated at the rates applicable to profits in the jurisdictions concerned	**42,964**	145,817
Tax effect of non-deductible expenses	**61,414**	50,117
Tax effect of non-taxable revenue	**(41,467)**	(124,097)
Reduced tax rate approved by tax authorities	**(18,747)**	(30,008)
Income tax exemption	**(3,892)**	(14,547)
Tax effect of previously unrecognised deferred tax assets now recognised	**(987)**	(1,814)
Effect of change in tax rate	**2,710**	(1,224)
Actual tax expense	**41,995**	24,244

7 INCOME TAX IN THE CONSOLIDATED INCOME STATEMENT *(Continued)*

(b) Discontinued operation (note 10)

(i) Taxation in the consolidated income statement represents:

	2009 $'000	2008 $'000
Deferred tax		
Effect of change in tax rate	—	253
Origination and reversal of temporary differences	—	(121)
	—	132

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

	2009 $'000	2008 $'000
Loss before taxation	—	(25,698)
Notional taxation on loss before taxation, calculated at the rates applicable to operations in the jurisdictions concerned	—	(8,480)
Tax effect of non-deductible expenses	—	8,064
Tax effect of unused tax losses not recognised	—	295
Effect of change in tax rate	—	253
Actual tax expense	—	132

7 INCOME TAX IN THE CONSOLIDATED INCOME STATEMENT *(Continued)*

(c) PRC income tax

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

One of the subsidiaries, Beijing Jingjing Medical Equipment Co., Ltd. ("Jingjing") was registered in the Beijing Economic and Technology Development Zone and was subject to a preferential income tax rate of 15% prior to 31 December 2007. In 2007, Jingjing was accredited as a "foreign-invested advanced technology enterprise" and was granted a reduction in income tax rate from 15% to 10%.

Another subsidiary of the Group, Beijing Jiachenhong Biological Technologies Co., Ltd. ("Jiachenhong") which was also registered in the Beijing Economic and Technology Development Zone and subject to an income tax rate of 15% prior to 31 December 2007, was fully exempted from PRC income tax for the two years ended 31 December 2005 and entitled to a 50% reduction of PRC income tax for the three years ended 31 December 2008.

On 16 March 2007, the Fifth Plenary Session of the Tenth National People's Congress promulgated the Corporate Income Tax Law of the PRC (the "New Tax Law"), which became effective on 1 January 2008. According to the New Tax Law, from 1 January 2008, the standard corporate income tax rate for enterprises in the PRC is reduced from 33% to 25%.

The State Council released the Implementation Rules to the Corporate Income Tax Law on 6 December 2007 and Notice on the Implementation Rules of the Grandfathering Relief under the Corporate Income Tax Law (Guo Fa [2007] No. 39) on 26 December 2007 (collectively, the "Implementation Rules"). Under the New Tax Law and the Implementation Rules, an entity established before 16 March 2007 that was entitled to preferential tax treatment prior to the New Tax Law becoming effective will be subject to transitional tax rates before the new corporate income tax rate of 25% applies. For Jingjing and Jiachenhong, the transitional tax rates are 18%, 20%, 22% and 24% in calendar years ending 31 December 2008, 2009, 2010 and 2011 respectively and the corporate income tax rate of 25% will apply from 1 January 2012 onwards.

Under the Implementation Rules, the 50% reduction of PRC income tax granted to Jiachenhong was grandfathered and continues to be granted to Jiachenhong until expiry on 31 December 2008. On 24 December 2008, both Jingjing and Jiachenhong were designated as high and new technology enterprises, which qualify for a reduced income tax rate of 15%, and such status will be valid for the three years ending 31 December 2010. Companies that qualify for both the grandfathering treatments and reduced tax rate for high and new technology enterprises are entitled to the more favourable tax incentive but not both. As a result of the above, current taxation for Jingjing and Jiachenhong has been accrued based on tax rates of 15% and 9% respectively for the calendar year ended 31 December 2008 and based on the tax rate of 15% for the three months ended 31 March 2009.

The rest of the Group's subsidiaries in the PRC were subject to PRC income tax at a rate of 33% prior to 31 December 2007. As a result of the New Tax Law, the income tax rate applicable to these subsidiaries has been reduced from 33% to 25% from 1 January 2008.

(d) Hong Kong Profits Tax

No provision for Hong Kong Profits Tax has been made for the years ended 31 March 2009 and 2008 as the Group did not have any profits assessable to Hong Kong Profits Tax during the current and prior years.

(e) Cayman Islands Tax

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

8 DIRECTORS' REMUNERATION

Directors' remuneration disclosed pursuant to section 161 of the Hong Kong Companies Ordinance is as follows:

For the year ended 31 March 2009

	Directors' fees $'000	Salaries, allowances and benefits in kind $'000	Discretionary bonuses $'000	Share-based payments $'000	Retirement scheme contributions $'000	Total $'000
Executive directors						
Mr. KAM Yuen	—	4,056	—	—	12	4,068
Ms. JIN Lu	—	931	—	—	12	943
Mr. LU Tian Long	—	650	—	—	12	662
Ms. ZHENG Ting	—	650	—	—	12	662
Independent non-executive directors						
Prof. CAO Gang	60	—	100	—	—	160
Mr. GAO Zong Ze	60	—	100	—	—	160
Prof. GU Qiao	60	—	100	—	—	160
	180	6,287	300	—	48	6,815

8 DIRECTORS' REMUNERATION *(Continued)*

For the year ended 31 March 2008

	Directors' fees $'000	Salaries, allowances and benefits in kind $'000	Discretionary bonuses $'000	Share-based payments $'000	Retirement scheme contributions $'000	Total $'000
Executive directors						
Mr. KAM Yuen	—	3,502	20,078	1,129	12	24,721
Ms. JIN Lu	—	1,230	7,000	—	12	8,242
Mr. LU Tian Long	—	650	2,000	—	12	2,662
Ms. ZHENG Ting	—	650	7,078	1,283	12	9,023
Independent non-executive directors						
Prof. CAO Gang	60	—	132	—	—	192
Mr. GAO Zong Ze	60	—	286	—	—	346
Prof. GU Qiao	60	—	100	—	—	160
	180	6,032	36,674	2,412	48	45,346

The above emoluments include the value of share options granted to certain directors under the Company's and its subsidiary's share option schemes as estimated at the date of grant. Details of these benefits in kind are disclosed under the paragraph "Share option schemes" in the directors' report and notes 2(r)(ii) and 35.

During the year ended 31 March 2009, certain of the directors have voluntarily surrendered discretionary bonuses declared for the year ended 31 March 2008 which were not paid to directors, as follows:

	$'000
Mr. KAM Yuen	15,000
Ms. JIN Lu	2,000
Mr. LU Tian Long	1,265
Ms. ZHENG Ting	2,000
	20,265

9 INDIVIDUALS WITH HIGHEST EMOLUMENTS

Of the five individuals with the highest emoluments, one (2008: three) is/are director(s) whose emoluments are disclosed in note 8. The aggregate of the emoluments in respect of the other four (2008: two) individuals are as follows:

	2009	2008
	$'000	$'000
Salaries, allowances and other benefits	**3,616**	1,664
Discretionary bonuses	**870**	9,656
Share-based payments	**—**	1,625
Retirement benefits	**24**	24
	4,510	12,969

The emoluments fell within the following bands:

	Number of individuals	
	2009	2008
Emoluments bands		
$500,001 to $1,000,000	**1**	—
$1,000,001 to $1,500,000	**3**	—
$4,000,001 to 4,500,000	**—**	1
$8,500,001 to $9,000,000	**—**	1
	4	2

10 DISCONTINUED OPERATION

On 19 December 2007, the Group entered into a sale and purchase agreement for the disposal of its entire equity interest in a subsidiary, Qi Jie Yuan Medicine Holding (HK) Limited, which in turn held a 100% equity interest in Beijing Qijieyuan Pharmaceutical Technology Development Co., Ltd and Shanghai Baisuihang Pharmaceutical Co., Ltd., to a third party company, China Healthcare Inc. ("CHI") in exchange for a 40% equity interest in CHI and a five-year unsecured note issued by CHI in the principal amount of GBP24,000,000. The transaction was completed on 31 December 2007. As a result of the transaction, the Group's natural herbal medicines segment was classified as a discontinued operation. Following the completion of the transaction, the Group now holds a 40% equity interest in CHI and such interest is recognised as part of interests in associates in the Group's consolidated balance sheet. Further details in relation to this transaction are set out in the Company's circular dated 4 January 2008.

(a) The results of the discontinued operation for the year ended 31 March 2008 are as follows:

	2008 $'000
Turnover (note 3)	5,325
Cost of sales	(24,645)
Gross loss	(19,320)
Other revenue (note 4)	11
Other net loss (note 5)	(131)
Selling expenses	(14)
Administrative expenses	(6,244)
Loss before taxation	(25,698)
Income tax (note 7(b))	(132)
Loss for the year	(25,830)
Gain on disposal of discontinued operation, net of tax of $Nil	124,971
Profit for the year from discontinued operation attributable to equity shareholders of the Company	99,141

10 DISCONTINUED OPERATION *(Continued)*

(b) The net cash flows of the discontinued operation for the year ended 31 March 2008 are as follows:

	2008 $'000
Net cash inflow from operating activities	2,931
Net cash outflow from investing activities	(11,978)
Net cash outflow of the discontinued operation	(9,047)

11 PROFIT ATTRIBUTABLE TO EQUITY SHAREHOLDERS OF THE COMPANY

The consolidated profit attributable to equity shareholders of the Company includes a profit of $40,711,000 (2008: loss of $108,033,000) which has been dealt with in the financial statements of the Company.

12 DIVIDEND

Dividend payable to equity shareholders of the Company attributable to the previous financial year, approved and paid during the year

	2009 **$'000**	2008 $'000
Final dividend in respect of the previous financial year, approved and paid during the year, of Nil (2008: 3.1) cents per ordinary share	—	47,189

13 EARNINGS PER SHARE

(a) Basic earnings per share

The calculation of basic earnings per share is based on the consolidated profit attributable to equity shareholders of the Company of $57,089,000 (2008: $683,744,000) divided by the weighted average number of 1,557,736,000 (2008: 1,550,824,000) ordinary shares in issue during the year, calculated as follows:

Weighted average number of ordinary shares

	2009 Shares '000	2008 Shares '000
Issued ordinary shares at the beginning of the year	**1,543,522**	1,522,224
Effect of issue of shares (note 34(a)(i))	**20,383**	—
Effect of shares repurchased and cancelled (note 34(a)(ii))	**(6,169)**	(1,547)
Effect of conversion of convertible bonds (note 34(a)(iii))	**—**	28,905
Effect of share options exercised (note 34(a)(iv))	**—**	13
Effect of scrip dividend (note 34(a)(v))	**—**	1,229
Weighted average number of ordinary shares at the end of the year	**1,557,736**	1,550,824

	2009 $'000	2008 $'000
From continuing and discontinued operations		
Profit attributable to equity shareholders	**57,089**	683,744
From continuing operations		
Profit attributable to equity shareholders	**57,089**	584,603
From discontinued operation		
Profit attributable to equity shareholders	**—**	99,141
From continuing and discontinued operations		
Basic earnings per share (HK cents)	**3.7**	44.1
From continuing operations		
Basic earnings per share (HK cents)	**3.7**	37.7
From discontinued operation		
Basic earnings per share (HK cents)	**—**	6.4

13 EARNINGS PER SHARE *(Continued)*

(b) Diluted earnings per share

The calculation of diluted earnings per share is based on the consolidated profit attributable to equity shareholders of $56,423,000 (2008: $683,992,000) and the weighted average number of 1,559,826,000 (2008: 1,612,836,000) ordinary shares in issue during the year after adjusting for the effect of all dilutive potential shares, calculated as follows:

(i) Profit attributable to equity shareholders of the Company (diluted)

	2009	2008
	$'000	$'000
From continuing and discontinued operations		
Profit attributable to equity shareholders	**57,089**	683,744
After tax effect of effective interest on liability component of convertible bonds	**—**	1,304
Dilutive impact on profit from deemed issue of ordinary shares of a subsidiary under the share option scheme of a subsidiary for nil consideration (note 35(b))	**(666)**	(1,056)
Profit attributable to equity shareholders (diluted)	**56,423**	683,992
Attributable to:		
Continuing operations	**56,423**	584,851
Discontinued operation	**—**	99,141
	56,423	683,992

13 EARNINGS PER SHARE *(Continued)*

(b) Diluted earnings per share (Continued)

(ii) Weighted average number of ordinary shares (diluted)

	2009 **Shares** **'000**	2008 Shares '000
Weighted average number of ordinary shares at 31 March	**1,557,736**	1,550,824
Effect of conversion of convertible bonds	**—**	23,727
Effect of deemed issue of shares under the Company's share option scheme for nil consideration (note 35(a))	**2,090**	38,285
Weighted average number of ordinary shares (diluted) at 31 March	**1,559,826**	1,612,836
From continuing and discontinued operations		
Diluted earnings per share (HK cents)	**3.6**	42.4
From continuing operations		
Diluted earnings per share (HK cents)	**3.6**	36.3
From discontinued operation		
Diluted earnings per share (HK cents)	**—**	6.1

14 SEGMENT REPORTING

Business segments

The Group comprises the following main business segments:

(i) Medical Device segment: the development, manufacture and sale of medical devices including ABRS Machines and Disposable Chambers.

(ii) Cord Blood Bank segment: the provision of blood stem cell examination, processing, separation and storage services and application-related services.

(iii) Natural herbal medicines segment: research and development and the manufacture and sale of natural herbal medicines.

As disclosed in note 10, the natural herbal medicines segment was discontinued during the year ended 31 March 2008.

	Continuing operations				Discontinued operation					
	Medical Device		Cord Blood Bank		Natural herbal medicines		Inter-segment elimination		Consolidated	
	2009	2008	**2009**	2008	**2009**	2008	**2009**	2008	**2009**	2008
	$'000	$'000	**$'000**	$'000	**$'000**	$'000	**$'000**	$'000	**$'000**	$'000
Revenue from external customers	**276,535**	283,338	**221,221**	137,809	**–**	5,325	**–**	–	**497,756**	426,472
Segment result (note)	**173,838**	200,940	**104,262**	62,811	**–**	(25,709)	**–**	–	**278,100**	238,042
Unallocated operating income and expenses									**(58,057)**	271,571
Profit from operations									**220,043**	509,613
Finance costs									**(13,091)**	(20,628)
Gain on disposal of discontinued operation									**–**	124,971
Gain on deemed disposal of partial interests in jointly controlled entities									**–**	55,416
Share of profits less losses of associates and jointly controlled entities									**(84,621)**	68,657
Income tax									**(41,995)**	(24,376)
Profit after taxation (note)									**80,336**	713,653
Depreciation and amortisation for the year	**10,257**	10,192	**11,788**	7,778	**–**	25,883	**–**	–	**22,045**	43,853
Unallocated depreciation and amortisation for the year									**2,529**	1,345
Total depreciation and amortisation for the year									**24,574**	45,198
Impairment loss on trade and other receivables	**–**	–	**7,725**	765	**–**	–	**–**	–	**7,725**	765

14 SEGMENT REPORTING *(Continued)*

Business segments (Continued)

	Continuing operations				Discontinued operation					
	Medical Device		Cord Blood Bank		Natural herbal medicines		Inter-segment elimination		Consolidated	
	2009	2008	**2009**	2008	**2009**	2008	**2009**	2008	**2009**	2008
	$'000	$'000	**$'000**	$'000	**$'000**	$'000	**$'000**	$'000	**$'000**	$'000
Segment assets	**948,744**	841,151	**898,720**	796,019	**—**	—	**—**	—	**1,847,464**	1,637,170
Interests in associates									**518,715**	713,743
Interests in jointly controlled entities									**712,639**	657,764
Unallocated assets									**1,035,034**	1,181,400
Total assets									**4,113,852**	4,190,077
Segment liabilities	**47,719**	29,740	**148,512**	129,549	**—**	—	**—**	—	**196,231**	159,289
Unallocated liabilities									**380,099**	477,824
Total liabilities									**576,330**	637,113
Capital expenditure	**14,864**	7,444	**48,858**	121,880	**—**	11,799	**—**	—	**63,722**	141,123
Unallocated capital expenditure									**14,082**	146
Total capital expenditure									**77,804**	141,269

The Group's turnover and operating profit derived from activities outside the PRC are insignificant. Therefore, no analysis by geographical segment is provided.

14 SEGMENT REPORTING *(Continued)*

Business segments *(Continued)*

Note:

Reconciliation from segment results of continuing and discontinued operations to profit for the year:

	Continuing operations		Discontinued operation		Consolidated	
	2009	2008	**2009**	2008	**2009**	2008
	$'000	$'000	**$'000**	$'000	**$'000**	$'000
Segment results	**278,100**	263,751	**—**	(25,709)	**278,100**	238,042
Unallocated operating income and expenses	**(58,057)**	271,560	**—**	11	**(58,057)**	271,571
Profit/(loss) from operations	**220,043**	535,311	**—**	(25,698)	**220,043**	509,613
Finance costs	**(13,091)**	(20,628)	**—**	—	**(13,091)**	(20,628)
Gain on disposal of discontinued operation	**—**	—	**—**	124,971	**—**	124,971
Gain on deemed disposal of partial interests in jointly controlled entities	**—**	55,416	**—**	—	**—**	55,416
Share of profits less losses of associates and jointly controlled entities	**(84,621)**	68,657	**—**	—	**(84,621)**	68,657
Income tax	**(41,995)**	(24,244)	**—**	(132)	**(41,995)**	(24,376)
Profit for the year	**80,336**	614,512	**—**	99,141	**80,336**	713,653

15 FIXED ASSETS

(a) The Group

	Buildings held for own use $'000	Leasehold improvements $'000	Machineries $'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 fixed assets $'000
Cost:									
At 1 April 2008	129,657	29,134	53,797	8,742	12,900	187,486	421,716	4,852	426,568
Exchange adjustments	2,833	556	1,175	181	257	4,097	9,099	106	9,205
Additions	13,858	5,362	3,243	8,354	5,125	41,862	77,804	—	77,804
Transfers	10,586	30,746	7,924	—	115	(49,371)	—	—	—
Disposals	—	—	(48)	(1,615)	(120)	—	(1,783)	—	(1,783)
At 31 March 2009	**156,934**	**65,798**	**66,091**	**15,662**	**18,277**	**184,074**	**506,836**	**4,958**	**511,794**
Accumulated amortisation and depreciation:									
At 1 April 2008	33,202	14,314	17,487	3,759	5,680	—	74,442	553	74,995
Exchange adjustments	736	282	392	80	121	—	1,611	12	1,623
Charge for the year	6,348	4,638	5,549	2,392	2,273	—	21,200	103	21,303
Written back on disposals	—	—	(40)	(752)	(104)	—	(896)	—	(896)
At 31 March 2009	**40,286**	**19,234**	**23,388**	**5,479**	**7,970**	**—**	**96,357**	**668**	**97,025**
Net book value:									
At 31 March 2009	**116,648**	**46,564**	**42,703**	**10,183**	**10,307**	**184,074**	**410,479**	**4,290**	**414,769**

15 FIXED ASSETS *(Continued)*

(a) The Group (Continued)

	Buildings held for own use $'000	Leasehold improvements $'000	Machineries $'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 fixed assets $'000
Cost:									
At 1 April 2007	140,823	26,804	47,810	10,932	25,578	95,000	346,947	5,831	352,778
Exchange adjustments	12,547	2,240	4,374	874	1,670	8,084	29,789	501	30,290
Additions	7,772	794	5,025	1,315	4,383	121,980	141,269	—	141,269
Transfers	9,669	—	9,934	—	1,832	(21,791)	(356)	356	—
Acquisition of subsidiary	—	—	4,135	298	465	—	4,898	—	4,898
Disposal of subsidiaries	(41,154)	(704)	(17,072)	(3,875)	(20,947)	(15,787)	(99,539)	(1,836)	(101,375)
Disposals	—	—	(409)	(802)	(81)	—	(1,292)	—	(1,292)
At 31 March 2008	129,657	29,134	53,797	8,742	12,900	187,486	421,716	4,852	426,568
Accumulated amortisation and depreciation:									
At 1 April 2007	26,218	10,757	20,659	3,782	17,693	—	79,109	538	79,647
Exchange adjustments	2,835	1,122	1,958	389	1,275	—	7,579	55	7,634
Charge for the year	6,846	3,139	5,571	1,735	3,840	—	21,131	173	21,304
Acquisition of subsidiary	—	—	394	—	54	—	448	—	448
Disposal of subsidiaries	(2,697)	(704)	(10,733)	(1,732)	(17,148)	—	(33,014)	(213)	(33,227)
Written back on disposals	—	—	(362)	(415)	(34)	—	(811)	—	(811)
At 31 March 2008	33,202	14,314	17,487	3,759	5,680	—	74,442	553	74,995
Net book value:									
At 31 March 2008	96,455	14,820	36,310	4,983	7,220	187,486	347,274	4,299	351,573

15 FIXED ASSETS *(Continued)*

(b) The Company

	Leasehold improvements $'000	Motor vehicles $'000	Furniture, fixtures and equipment $'000	Total $'000
Cost:				
At 1 April 2008	3,093	477	1,146	4,716
Additions	—	5,680	9	5,689
Disposals	—	(477)	—	(477)
At 31 March 2009	**3,093**	**5,680**	**1,155**	**9,928**
Accumulated depreciation:				
At 1 April 2008	1,117	175	293	1,585
Charge for the year	1,031	963	222	2,216
Written back on disposals	—	(191)	—	(191)
At 31 March 2009	**2,148**	**947**	**515**	**3,610**
Net book value:				
At 31 March 2009	**945**	**4,733**	**640**	**6,318**

15 FIXED ASSETS *(Continued)*

(b) The Company (Continued)

	Leasehold improvements $'000	Motor vehicles $'000	Furniture, fixtures and equipment $'000	Total $'000
Cost:				
At 1 April 2007	3,093	477	1,001	4,571
Additions	—	—	145	145
At 31 March 2008	3,093	477	1,146	4,716
Accumulated depreciation:				
At 1 April 2007	86	79	75	240
Charge for the year	1,031	96	218	1,345
At 31 March 2008	1,117	175	293	1,585
Net book value:				
At 31 March 2008	1,976	302	853	3,131

(c) At 31 March 2009, the Group had pledged interests in leasehold land and buildings with an aggregate carrying value of $120,938,000 (2008: $100,754,000), as collateral against certain loans granted to the Group by a bank (see note 30).

(d) Construction in progress as at 31 March 2009 represents leasehold land and buildings under renovation, machinery under installation and construction of storage facilities for blood stem cells.

15 FIXED ASSETS *(Continued)*

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

	The Group	
	2009	2008
	$'000	$'000
Outside Hong Kong		
– under medium-term lease	**120,938**	100,754
Represented by:		
Buildings held for own use	**116,648**	96,455
Interests in leasehold land held for own use under operating leases	**4,290**	4,299
	120,938	100,754

(f) Fixed asset held under finance lease

The Group and the Company lease a motor vehicle under a finance lease expiring in 4.5 years. At the end of the lease term the Group and the Company have the option to purchase the leased motor vehicle at a price deemed to be a bargain purchase option. The lease does not include contingent rentals.

During the year, additions to motor vehicles of the Group and the Company included a motor vehicle financed by a new finance lease totalled $5,680,000 (2008: $Nil). At the balance sheet date, the net book value of the motor vehicle held under a finance lease of the Group and the Company was $4,733,000 (2008: $Nil).

16 INTANGIBLE ASSETS

	The Group				
	Licences and certificates $'000	Capitalised development costs $'000	Proprietary Chinese medicine formulae $'000	Operating rights for cord blood banks $'000	Total $'000
Cost:					
At 1 April 2008	—	—	—	96,185	96,185
Exchange adjustments	—	—	—	2,101	2,101
At 31 March 2009	**—**	**—**	**—**	**98,286**	**98,286**
Accumulated amortisation:					
At 1 April 2008	—	—	—	10,697	10,697
Exchange adjustments	—	—	—	239	239
Charge for the year	—	—	—	3,271	3,271
At 31 March 2009	**—**	**—**	**—**	**14,207**	**14,207**
Carrying amount:					
At 31 March 2009	**—**	**—**	**—**	**84,079**	**84,079**

16 INTANGIBLE ASSETS *(Continued)*

	The Group				
	Licences and certificates $'000	Capitalised development costs $'000	Proprietary Chinese medicine formulae $'000	Operating rights for cord blood banks $'000	Total $'000
Cost:					
At 1 April 2007	31,649	17,427	451,507	61,728	562,311
Exchange adjustments	1,735	956	24,755	8,394	35,840
Acquisition of subsidiary	—	—	—	26,063	26,063
Disposal of subsidiaries	(33,384)	(18,383)	(476,262)	—	(528,029)
At 31 March 2008	—	—	—	96,185	96,185
Accumulated amortisation:					
At 1 April 2007	5,605	1,234	31,981	6,910	45,730
Exchange adjustments	413	91	2,356	841	3,701
Charge for the year	3,024	666	17,258	2,946	23,894
Disposal of subsidiaries	(9,042)	(1,991)	(51,595)	—	(62,628)
At 31 March 2008	—	—	—	10,697	10,697
Carrying amount:					
At 31 March 2008	—	—	—	85,488	85,488

Operating rights for cord blood banks represent the rights for the provision of blood stem cells storage facilities and ancillary services in Beijing and Guangdong Province, the PRC. The amount is being amortised on a straight-line basis over its estimated useful life of thirty years. The operating rights for cord blood banks in Beijing and Guangdong Province, the PRC, have remaining amortisation periods of 24.64 years (2008: 25.64 years) and 28.08 years (2008: 29.08 years), respectively.

The amortisation charge for the year is included in cost of sales in the consolidated income statement.

17 GOODWILL

	The Group	
	2009	2008
	$'000	$'000
Cost:		
At beginning of the year	**67,169**	74,450
Disposal of subsidiaries	**—**	(7,281)
At end of the year	**67,169**	67,169

Impairment tests for cash-generating units containing goodwill

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

	2009	2008
	$'000	$'000
Medical Device	**506**	506
Cord Blood Bank – Beijing	**66,663**	66,663
	67,169	67,169

The recoverable amount of the CGU is determined based on value-in-use calculations. These calculations use cash flow projections based on financial budgets approved by management covering a five-year period. Cash flows beyond the five-year period are extrapolated using the estimated rates stated 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)

17 GOODWILL *(Continued)*

Impairment tests for cash-generating units containing goodwill *(Continued)*

Key assumptions used for value-in-use calculations:

	2009	2008
	%	%
Gross margin		
– Medical Device	**64.8**	70.0
– Cord Blood Bank – Beijing	**79.4**	78.8
Growth rate		
– Medical Device	**10.0**	10.0
– Cord Blood Bank – Beijing	**5.6**	6.2
Discount rate		
– Medical Device	**17.9**	17.6
– Cord Blood Bank – Beijing	**16.3**	19.2

Management determined the budgeted gross margin based on past performance and its expectation for market development. The discount rates used are pre-tax and reflect specific risks relating to the relevant segments.

The recoverable amounts of the CGUs are higher than their carrying amounts based on value-in-use calculations. Accordingly, no impairment of goodwill is recognised in the consolidated income statement.

18 INTERESTS IN SUBSIDIARIES

(a) *Investments in subsidiaries*

	The Company	
	2009	2008
	$'000	$'000
Unlisted equities, at cost	**3**	3
Amounts due from subsidiaries	**772,301**	1,021,553
	772,304	1,021,556

Amounts due from subsidiaries are unsecured, interest-free and have no fixed terms of repayment but settlement is not expected within one year of the balance sheet date.

(b) *Amounts due to subsidiaries*

Amounts due to subsidiaries are unsecured, interest-free and have no fixed terms of settlement but settlement is not expected within one year of the balance sheet date.

(c) *Particulars of principal subsidiaries*

The following list contains only the particulars of subsidiaries which principally affected the results, assets or liabilities of the Group.

		Proportion of ownership interest				
Name of company	**Place of incorporation/ establishment and operations**	**Group's effective holding**	**held by the Company**	**held by subsidiaries**	**Issued/ registered capital**	**Principal activities**
Beijing Jiachenhong Biological Technologies Co., Ltd. ("Jiachenhong")#	The PRC	50.25%	—	100%	RMB280,000,000	Provision of blood stem cell storage facilities and ancillary services
Beijing Jingjing Medical Equipment Co., Ltd. ("Jingjing")#	The PRC	100%	—	100%	US$10,100,000	Manufacture and sale of medical devices
China Bright Group Co. Limited	Hong Kong	100%	100%	—	$13,158	Investment holding
China Cord Blood Services Corporation ("CCBS")	Cayman Islands/ Hong Kong	50.25%	—	50.25%	US$1,618,980	Investment holding

(Expressed in Hong Kong dollars unless otherwise indicated)

18 INTERESTS IN SUBSIDIARIES *(Continued)*

(c) *Particulars of principal subsidiaries* (Continued)

Name of company	Place of incorporation/ establishment and operations	Proportion of ownership interest: Group's effective holding	held by the Company	held by subsidiaries	Issued/ registered capital	Principal activities
China Stem Cells Holdings Limited ("CSC")	Cayman Islands/ Hong Kong	50.25%	—	100%	US$1,618,980	Investment holding
China Stem Cells (South) Co., Ltd.	British Virgin Islands/ Hong Kong	45.23%	—	90%	US$1,000	Investment holding
China Stem Cells (East) Co., Ltd.	British Virgin Islands/ Hong Kong	50.25%	—	100%	US$1	Investment holding
Golden Meditech (BVI) Company Limited	British Virgin Islands/ Hong Kong	100%	100%	—	US$1	Investment holding
Golden Meditech Herbal Treatment (BVI) Company Limited	British Virgin Islands/ Hong Kong	100%	100%	—	US$1	Investment holding
Golden Meditech Medical Devices Distribution (BVI) Company Limited	British Virgin Islands/ Hong Kong	100%	100%	—	US$1	Investment holding
Golden Meditech Stem Cells (BVI) Company Limited	British Virgin Islands/ Hong Kong	100%	100%	—	US$1	Investment holding
GM Investment Company Limited	Hong Kong	100%	100%	—	$1	Investment holding
Guangzhou Municipality Tianhe Nuoya Bio-engineering Co., Ltd. ("Nuoya")#	The PRC	45.23%	—	100%	RMB40,000,000	Provision of blood stem cell storage facilities and ancillary services

Registered under the laws of the PRC as foreign investment enterprises.

19 INTERESTS IN ASSOCIATES

	The Group	
	2009	2008
	$'000	$'000
Share of net assets	**52,361**	155,717
Goodwill	**104,519**	146,042
Loan to associate	**215,061**	275,241
Amounts due from associates	**146,774**	136,743
	518,715	713,743

Loan to associate is unsecured, interest bearing with an effective interest rate of 9.16% per annum and repayable on 31 December 2012. Amounts due from associates are unsecured, interest-free and have no fixed terms of repayment but are not expected to be settled within one year of the balance sheet date. Loan to and amounts due from associates are neither past due nor impaired.

Amounts due to associates in the balance sheets are unsecured, interest-free and have no fixed terms of repayment.

The following list contains only the particulars of associates which principally affected the results or assets of the Group:

Name of associate	Form of business structure	Place of establishment and operation	Proportion of ownership interest by the Group	Issued/ registered capital	Principal activities
Union China National Medical Equipment Co., Ltd.	Incorporated	The PRC	37.8%	US$10,000,000	Sale and distribution of medical devices
China Healthcare Inc.	Incorporated	Cayman Islands	40%	US$1,000	Investment holding
Qi Jie Yuan Medicine Holding (HK) Limited	Incorporated	British Virgin Islands/ Hong Kong	27.6%	US$100	Investment holding
Beijing Qijieyuan Pharmaceutical Technology Development Co., Ltd.	Incorporated	The PRC	27.6%	RMB20,000,000	Investment holding
Shanghai Baisuihang Pharmaceutical Co., Ltd.	Incorporated	The PRC	27.6%	RMB91,803,900	Research and development, manufacture and sale of natural herbal medicines

19 INTERESTS IN ASSOCIATES *(Continued)*

Summary financial information on associates

	Assets $'000	Liabilities $'000	Equity $'000	Revenues $'000	Loss $'000
2009					
100 per cent	**720,648**	**(584,484)**	**136,164**	**902,690**	**318,182**
Group's effective interest	**278,812**	**(226,451)**	**52,361**	**344,138**	**132,606**
2008					
100 per cent	1,121,884	(727,442)	394,442	589,836	9,028
Group's effective interest	440,135	(284,418)	155,717	223,834	3,683

20 INTERESTS IN JOINTLY CONTROLLED ENTITIES

	The Group	
	2009 $'000	2008 $'000
Share of net assets	**459,779**	410,311
Goodwill	**252,860**	247,453
	712,639	657,764

The following list contains only the particulars of jointly controlled entities which principally affected the results or assets of the Group:

Name of jointly controlled entities	Form of business structure	Place of establishment and operation	Proportion of ownership interest held by a subsidiary	Issued/registered capital	Principal activity
Capital Ally Investments Limited ("Capital Ally")	Incorporated	British Virgin Islands/ Hong Kong	50%	US$10,000	Investment holding
Pypo Digital Company Limited ("Pypo Digital")	Incorporated	Cayman Islands/ Hong Kong	33.5%	US$27,270	Investment holding
Pypo Holdings (HK) Company Limited	Incorporated	Hong Kong	33.5%	$1,001	Investment holding
Beijing Pypo Technology Group Company Limited ("Beijing Pypo")	Incorporated	The PRC	33.5%	RMB700,000,000	Distribution of personal electronic goods

20 INTERESTS IN JOINTLY CONTROLLED ENTITIES *(Continued)*

Summary financial information on jointly controlled entities - the Group's effective interest:

	2009 $'000	2008 $'000
Non-current assets	**447,712**	59,506
Current assets	**1,072,357**	872,921
Non-current liabilities	**(332,319)**	(199,836)
Current liabilities	**(727,971)**	(322,280)
Net assets	**459,779**	410,311
Income	**2,205,282**	1,469,420
Expenses	**(2,157,297)**	(1,397,080)
Profit for the year	**47,985**	72,340

21 AVAILABLE-FOR-SALE EQUITY SECURITIES

	The Group	
	2009 $'000	2008 $'000
Listed outside Hong Kong, at market value	**30,619**	297,551
Unlisted equity securities, at cost	**112,641**	112,641
	143,260	410,192

At 31 March 2009, management considers that objective evidence of impairment exists for certain of the Group's listed available-for-sale equity securities as a result of significant and prolonged declines in their market values below costs. Impairment losses on these investments of $42,626,000 (2008: $Nil) have been recognised in the consolidated income statement in accordance with the policy set out in note 2(k)(i) (see note 5).

22 OTHER FINANCIAL ASSETS

	The Group		The Company	
	2009 $'000	2008 $'000	2009 $'000	2008 $'000
Non-current trade receivables	**103,884**	28,122	**—**	—
Non-current prepayments	**840,462**	416,502	**809,687**	399,077
Financial assets at fair value through profit or loss	**—**	37,195	**—**	—
	944,346	481,819	**809,687**	399,077

22 OTHER FINANCIAL ASSETS *(Continued)*

(a) Non-current trade receivables

	The Group	
	2009	2008
	$'000	$'000
Non-current trade receivables	**106,400**	28,474
Less: Allowance for doubtful debts (Note)	**(2,516)**	(352)
	103,884	28,122

The Group offers its customers various payment terms for provision of blood stem cell storage facilities services. The amount represents instalments receivable from the rendering of blood stem cell examination and processing services, which is stated at amortised cost with an effective interest rate of 3.16% (2008: 3.16%) per annum. The amount receivable within twelve months from the balance sheet date is included under current assets. The Group's credit policy is set out in note 36(a).

Note:

Impairment of non-current trade receivables

Impairment losses in respect of non-current 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 non-current trade receivables directly (see note 2(k)(i)).

The movement in the allowance for doubtful debts during the year is as follows:

	The Group	
	2009	2008
	$'000	$'000
At beginning of the year	**352**	—
Impairment loss recognised	**2,153**	332
Exchange adjustments	**11**	20
At end of the year	**2,516**	352

At 31 March 2009, the Group's non-current trade receivables of $2,818,000 (2008: $352,000) were individually determined to be wholly or partially impaired. The individually impaired receivables related to customers that have defaulted on payments and management assessed that only a portion of the receivables is expected to be recovered. Consequently, a specific allowance for doubtful debts of $2,516,000 (2008: $352,000) was recognised. The Group does not hold any collateral over these balances. The remaining non-current trade receivables are neither past due nor impaired.

22 OTHER FINANCIAL ASSETS *(Continued)*

(b) Non-current prepayments

On 24 June 2008, the Group executed an agreement in connection with the acquisition of a 60% equity interest in an entity which possesses a nationwide hospital management license in the PRC and the management rights to two hospitals in the PRC. Total consideration for the acquisition is $830,000,000 to be satisfied in cash. Included in non-current prepayments of the Group and the Company as at 31 March 2009 are deposits of $767,287,000 (2008: $395,621,000) for the proposed acquisition. Further details in relation to this acquisition are set out in the Company's announcements dated 24 June 2008 and 20 April 2009. Certain conditions precedent in relation to the acquisition have not yet been satisfied and the acquisition had not yet been completed as at 31 March 2009.

The remaining non-current prepayments include deposits for the acquisition of plant and equipment and rental prepayments. Non-current prepayments are neither past due nor impaired.

(c) Financial assets at fair value through profit or loss

During the year ended 31 March 2008, the Group acquired a structured deposit issued by a financial institution which had a two-year term and carried interest based on changes in an interest rate index which varied inversely with changes in market interest rates in the United States. The structured deposit was redeemed during the year ended 31 March 2009. A realised gain of $401,000 (2008: unrealised gain of $5,995,000) has been credited to profit or loss for the year ended 31 March 2009.

23 OTHER INVESTMENTS

	The Group		The Company	
	2009	2008	**2009**	2008
	$'000	$'000	**$'000**	$'000
Trading securities (at market value)				
– equity securities listed in Hong Kong	**45,874**	48,990	**—**	60
– equity securities listed outside Hong Kong	**4,711**	55,230	**120**	732
	50,585	104,220	**120**	792
Financial assets at fair value through profit or loss	**—**	27,731	**—**	27,731
	50,585	131,951	**120**	28,523

As at 31 March 2008, financial assets at fair value through profit or loss represented investments in equity linked notes issued by a financial institution which carried interest linked to prices of certain listed equity securities. During the year ended 31 March 2009, the notes matured and a loss of $9,602,000 (2008: unrealised loss of $19,068,000) has been charged to profit or loss for the year ended 31 March 2009.

24 INVENTORIES

(a) Inventories in the consolidated balance sheet comprise:

	The Group	
	2009	2008
	$'000	$'000
Raw materials	**8,878**	9,087
Work in progress	**2,448**	4,485
Finished goods	**46,795**	35,456
	58,121	49,028

Included in finished goods are preservation costs related to cord blood stem cells of $28,894,000 (2008: $28,159,000). Preservation costs consist primarily of direct labour and materials including laboratory expenses, blood stem cells collection fees and indirect costs including allocations of costs from relevant departments and facility depreciation.

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

	The Group	
	2009	2008
	$'000	$'000
Carrying amount of inventories sold	**113,995**	104,804

25 TRADE RECEIVABLES

	The Group	
	2009	2008
	$'000	$'000
Trade receivables	**224,552**	170,328
Less: Allowance for doubtful debts (note 25(b))	**(14,867)**	(9,087)
	209,685	161,241

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

25 TRADE RECEIVABLES *(Continued)*

(a) Details of the ageing analysis of trade receivables (net of allowance for doubtful debts) are as follows:

	The Group	
	2009	2008
	$'000	$'000
Within six months	**182,597**	158,577
Between seven and twelve months	**20,850**	1,400
Over one year but within two years	**6,238**	1,264
	209,685	161,241

The Group's credit policy is set out in note 36(a).

(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 (see note 2(k)(i)).

The movement in the allowance for doubtful debts during the year is as follows:

	The Group	
	2009	2008
	$'000	$'000
At beginning of the year	**9,087**	7,874
Impairment loss recognised	**5,572**	433
Exchange adjustments	**208**	780
At end of the year	**14,867**	9,087

At 31 March 2009, the trade receivables of the Group totalling $20,366,000 (2008: $9,112,000) were individually determined to be impaired. The individually impaired receivables related to customers that were in financial difficulties and/or have defaulted on payments and management assessed that only a portion of the receivables is expected to be recovered. Consequently, a specific allowance for doubtful debts of $14,867,000 (2008: $9,087,000) was recognised. The Group does not hold any collateral over these balances.

25 TRADE RECEIVABLES *(Continued)*

(c) Trade receivables that are not impaired

The ageing analysis of trade receivables that are neither individually nor collectively considered to be impaired is as follows:

	The Group	
	2009	2008
	$'000	$'000
Neither past due nor impaired	**159,907**	137,087
Within six months	**22,180**	21,490
Between seven and twelve months	**20,806**	1,400
Over one year but within two years	**1,293**	1,239
	44,279	24,129
	204,186	161,216

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. The Group does not hold any collateral over these balances.

26 OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

Included in other receivables, deposits and prepayments of the Group at 31 March 2009 is a receivable of $Nil (2008: $34,987,000) from the disposal of available-for-sale equity securities, which is stated at amortised cost with an effective interest rate of Nil% (2008: 2.80%) per annum.

Other receivables, deposits and prepayments are expected to be recovered within one year and are neither past due nor impaired.

27 CASH AND BANK BALANCES

	The Group		The Company	
	2009	2008	**2009**	2008
	$'000	$'000	**$'000**	$'000
Deposits with banks	**—**	213,625	**—**	28,278
Cash at bank and on hand	**811,318**	784,122	**29,864**	39,978
	811,318	997,747	**29,864**	68,256

28 TRADE PAYABLES

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:

	The Group	
	2009	2008
	$'000	$'000
Due within three months or on demand	**39,524**	25,467

29 OTHER PAYABLES AND ACCRUALS

	The Group		The Company	
	2009	2008	**2009**	2008
	$'000	$'000	**$'000**	$'000
Other payables and accruals	**46,088**	75,283	**8,555**	53,788
Deferred income	**21,511**	17,071	**—**	—
Derivative financial instruments	**—**	66,021	**—**	—
	67,599	158,375	**8,555**	53,788

In connection with the Group's investment in certain available-for-sale equity securities, the Group entered into a contract with a third party intermediary in prior years under which the intermediary would be entitled to 50% of the gain arising from the future disposal of the available-for-sale equity securities. The Group recognised the fair value of the contract of $40,533,000 as derivative financial instruments as at 31 March 2008. During the year ended 31 March 2009, the underlying available-for-sale equity securities were disposed of at a loss and no derivative financial instruments were recognised as at 31 March 2009.

The Group has also entered into derivative financial instruments in prior years under which the Group would sell a fixed quantity of available-for-sale equity securities at designated contract prices on a number of specified future dates, if the market price of the available-for-sale equity securities on each of such dates is above a certain pre-agreed price. All outstanding derivative financial instruments as at 31 March 2008 matured during the year ended 31 March 2009. A realised loss on such derivative financial instruments of $4,075,000 (2008: unrealised loss of $104,247,000) has been credited to profit or loss for the year ended 31 March 2009.

30 BANK LOANS

At 31 March, the bank loans were repayable as follows:

	The Group		The Company	
	2009	2008	**2009**	2008
	$'000	$'000	**$'000**	$'000
Within one year or on demand	**—**	9,000	**—**	9,000
After one year but within two years	**113,212**	—	**—**	—
After two years but within five years	**232,492**	342,815	**232,492**	232,024
	345,704	342,815	**232,492**	232,024
	345,704	351,815	**232,492**	241,024

At 31 March, the bank loans were secured as follows:

	The Group		The Company	
	2009	2008	**2009**	2008
	$'000	$'000	**$'000**	$'000
Secured	**113,212**	110,791	**—**	—
Unsecured	**232,492**	241,024	**232,492**	241,024
	345,704	351,815	**232,492**	241,024

Bank loan of $113,212,000 (2008: $110,791,000) is secured by interests in leasehold land and buildings as detailed in note 15(c).

Included in non-current bank loans of the Group and the Company is a loan of $232,492,000 (2008: $232,024,000) which is unsecured, has a five-year term and carries interest based on changes in an interest rate index. The loan contains an embedded interest rate collar such that interest on the loan would lie within the range of 0% to 13% per annum. The embedded derivatives are considered closely related to the host debt contract. The loan is therefore measured at amortised cost.

Unsecured bank loan facilities of the Group and the Company of $232,492,000 (2008: $232,024,000) are subject to the fulfilment of covenants relating to certain of the Group's balance sheet ratios as are commonly found in lending arrangements with financial institutions. If the Group were to breach the covenants, the drawn down facilities would become payable on demand. The Group regularly monitors its compliance with these covenants. Further details of the Group's management of liquidity risk are set out in note 36(b). As at 31 March 2009 and 2008, none of the covenants relating to drawn down facilities had been breached.

31 OBLIGATIONS UNDER A FINANCE LEASE

At 31 March 2009, the Group and the Company had obligations under a finance lease repayable as follows:

	The Group and the Company			
	2009		2008	
	Present value of the minimum lease payments $'000	**Total minimum lease payments $'000**	Present value of the minimum lease payments $'000	Total minimum lease payments $'000
Within one year	**877**	**1,044**	—	—
After one year but within two years	**926**	**1,044**	—	—
After two years but within five years	**1,659**	**1,738**	—	—
	2,585	**2,782**	—	—
	3,462	**3,826**	—	—
Less: Total future interest expenses		**(364)**		—
Present value of lease obligations		**3,462**		—

32 INCOME TAX IN THE CONSOLIDATED BALANCE SHEET

(a) Current taxation in the consolidated balance sheet represents:

	The Group	
	2009 $'000	2008 $'000
PRC income tax payable	**637**	6,064
Representing:		
– Current taxation recoverable	**(4,255)**	—
– Current taxation payable	**4,892**	6,064
	637	6,064

32 INCOME TAX IN THE CONSOLIDATED BALANCE SHEET *(Continued)*

(b) Deferred tax (assets)/liabilities recognised:

The components of deferred tax (assets)/liabilities recognised in the consolidated balance sheet and the movements during the year are as follows:

	The Group				
	Depreciation/ amortisation allowance in excess of the related depreciation/ amortisation $'000	Future benefit of tax losses $'000	Allowance for doubtful debts $'000	Others $'000	Total $'000
Deferred tax arising from:					
At 1 April 2007	(3,029)	(6,537)	—	914	(8,652)
Acquisition of subsidiary	—	(272)	—	(456)	(728)
(Credited)/charged to income statement (note 7)	(3,704)	1,165	(1,802)	58	(4,283)
Exchange adjustments	(381)	(336)	(110)	19	(808)
Disposal of subsidiaries	3,629	5,980	—	(620)	8,989
At 31 March 2008	(3,485)	—	(1,912)	(85)	(5,482)
At 1 April 2008	(3,485)	—	(1,912)	(85)	(5,482)
Charged/(credited) to income statement (note 7)	169	—	(1,177)	(182)	(1,190)
Exchange adjustments	(76)	—	(44)	(2)	(122)
At 31 March 2009	**(3,392)**	**—**	**(3,133)**	**(269)**	**(6,794)**

(c) Deferred tax assets not recognised:

In accordance with the accounting policy set out in note 2(s), the Group has not recognised deferred tax assets in respect of cumulative tax losses of $18,097,000 (2008: $18,069,000) and deductible temporary differences of $Nil (2008: $3,871,000) as it is not probable that future taxable profits against which the losses and deductible temporary differences can be utilised will be available in the relevant tax jurisdiction and entity. The cumulative tax losses do not expire under the current tax legislation.

(d) Deferred tax liabilities not recognised

At 31 March 2009, temporary differences relating to the undistributed profits of subsidiaries amounted to $238,001,000 (2008: $6,788,000). Deferred tax liabilities of $16,060,000 (2008: $354,000) have not been recognised in respect of the 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.

33 DEFERRED INCOME

Deferred income represents prepaid cord blood examination, processing and storage fees received from customers for which the related services are expected to be rendered after more than one year from the balance sheet date.

34 CAPITAL AND RESERVES

(a) Share capital

	Note	2009 No. of shares ('000)	2009 $'000	2008 No. of shares ('000)	2008 $'000
Authorised:					
Ordinary shares of $0.1 each		**2,000,000**	**200,000**	2,000,000	200,000
Issued and fully paid:					
At beginning of the year		**1,543,522**	**154,352**	1,522,224	152,222
Issue of shares	(i)	**60,000**	**6,000**	—	—
Shares repurchased and cancelled	(ii)	**(9,600)**	**(960)**	(33,852)	(3,385)
Issue of shares upon conversion of convertible bonds	(iii)	**—**	**—**	52,632	5,263
Issue of shares upon exercise of share options	(iv)	**—**	**—**	100	10
Issue of shares for scrip dividend	(v)	**—**	**—**	2,418	242
At end of the year		**1,593,922**	**159,392**	1,543,522	154,352

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Company. All ordinary shares rank equally with regard to the Company's residual assets.

34 CAPITAL AND RESERVES *(Continued)*

(a) Share capital (Continued)

Notes:

(i) Issue of shares

On 26 November 2008, the Company entered into placing and subscription agreements to place 60,000,000 new ordinary shares of $0.1 each. Total proceeds of $57,474,000, net of share issuance expenses, were raised and $6,000,000 was credited to share capital and the balance of $51,474,000 was credited to the share premium account.

(ii) Repurchase of own shares

During the year ended 31 March 2009, the Company repurchased its own ordinary shares on the Stock Exchange as follows:

Month/year	**Number of shares repurchased** ('000)	**Highest price paid per share** $	**Lowest price paid per share** $	**Aggregate price paid** $'000
June 2008	1,036	2.64	2.52	2,703
July 2008	4,880	2.60	2.13	11,581
September 2008	664	1.80	1.55	1,091
October 2008	3,020	1.60	1.39	4,412
	9,600			19,787

During the year ended 31 March 2008, a total of 33,852,000 shares were repurchased at an aggregate price paid of $92,976,000, which includes related expenses of $247,000.

The repurchased shares were cancelled and, accordingly, the issued share capital of the Company was reduced by the nominal value of these shares. Pursuant to section 37(4) of the Companies Law (2004 Revision) of the Cayman Islands, an amount equivalent to the par value of the shares cancelled of $960,000 (2008: $3,385,000) was transferred from retained profits to the capital redemption reserve. The premium paid on the repurchase of the shares of $18,864,000 (2008: $89,591,000), including related expenses of $37,000 (2008: $247,000) was charged to the share premium account.

34 CAPITAL AND RESERVES *(Continued)*

(a) Share capital *(Continued)*

Notes: *(Continued)*

(iii) Issue of shares upon conversion of convertible bonds

During the year ended 31 March 2008, 52,632,000 ordinary shares of $0.1 each were issued upon the conversion of all outstanding convertible bonds. Following the conversion, an amount of $6,740,000 has been transferred from the capital reserve to the share premium account in accordance with the policy set out in note 2(n), and the share capital and share premium accounts of the Company have been increased by $5,263,000 and $101,205,000 respectively.

(iv) Shares issued under share option scheme

During the year ended 31 March 2008, options were exercised to subscribe for 100,000 ordinary shares of $0.1 each at a consideration of $160,000 of which $10,000 was credited to share capital and the balance of $150,000 was credited to the share premium account. An amount of $10,000 has also been transferred from capital reserve to the share premium account in accordance with the policy set out in note 2(r)(ii).

During the year ended 31 March 2009, no options were exercised to subscribe for the ordinary shares of the Company.

(v) Issue of shares for scrip dividend

During the year ended 31 March 2008, the Company offered its shareholders a scrip dividend alternative under which shareholders could elect to receive ordinary shares of $0.1 each in lieu of the 2007 final dividend. On 28 September 2007, 2,418,000 ordinary shares of $0.1 each were issued and allotted to the electing shareholders and credited as fully paid at the issue price of $3.4865 per share.

34 CAPITAL AND RESERVES *(Continued)*

(b) Reserves

	The Group		The Company	
	2009	2008	**2009**	2008
	$'000	$'000	**$'000**	$'000
Share premium	**1,051,485**	1,018,875	**1,051,485**	1,018,875
Capital redemption reserve	**5,868**	4,908	**5,868**	4,908
Capital reserve	**13,388**	13,388	**10,165**	10,165
Merger reserve	**54,193**	54,193	**—**	—
Exchange reserve	**219,132**	207,126	**—**	—
Surplus reserve	**81,130**	78,828	**—**	—
Fair value reserve	**(1,377)**	157,906	**—**	—
Other reserve	**(4,670)**	(4,670)	**—**	—
Retained profits	**1,601,819**	1,547,992	**81,025**	41,274
	3,020,968	3,078,546	**1,148,543**	1,075,222

Nature and purpose of reserves:

(i) Share premium

Under the Companies Law (2004 Revision) 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 granted to employees of the Group and the Company recognised in accordance with the accounting policy adopted for share-based payments in note 2(r)(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.

34 CAPITAL AND RESERVES *(Continued)*

(b) Reserves (Continued)

(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(v).

(vi) Surplus reserve

According to the relevant rules and regulations in the PRC, Jingjing, Jiachenhong and Nuoya 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 equity securities held at the balance sheet date and is dealt with in accordance with the accounting policy set out in note 2(f).

(viii) Other reserve

The following are charged/credited to other reserve in accordance with the accounting policy set out in note 2(c):

(i) the excess of purchase consideration on acquisition of minority interests over the carrying value of share of net assets acquired; and

(ii) gain on deemed disposal or partial disposal of subsidiary where the Group's interest in a subsidiary is decreased without losing control.

(c) Distributability of reserves

At 31 March 2009, the aggregate amount of reserves available for distribution to equity shareholders of the Company was $1,132,510,000 (2008: $1,060,149,000). The directors do not recommend the payment of a dividend for the year ended 31 March 2009.

34 CAPITAL AND RESERVES *(Continued)*

(d) 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 total interest-bearing loans and borrowings and obligations under a finance lease. Capital comprises all components of equity.

During 2009, the Group's strategy, which was unchanged from 2008, 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 2009 and 2008 were as follows:

		The Group		**The Company**	
	Note	**2009**	2008	**2009**	2008
		$'000	$'000	**$'000**	$'000
Bank loans	30	**345,704**	351,815	**232,492**	241,024
Obligations under a finance lease	31	**3,462**	—	**3,462**	—
Total debt		**349,166**	351,815	**235,954**	241,024
Total equity		**3,537,522**	3,552,964	**1,307,935**	1,229,574
Debt-to-capital ratio		**9.87%**	9.90%	**18.04%**	19.60%

Neither the Company nor any of its subsidiaries are subject to externally imposed capital requirements.

35 SHARE OPTIONS

(a) Share option schemes of the Company

(i) The principal terms of the share option schemes of the Company are summarised as follows:

(1) The Company adopted a share option scheme on 30 July 2002 (the "2002 Scheme"). The Company by shareholders' resolutions passed at the extraordinary general meeting held on 30 March 2005 has adopted a new share option scheme (the "Current Scheme" and, together with the 2002 Scheme, the "Schemes") and terminated the 2002 Scheme. No further share options may be offered under the 2002 Scheme. The Current Scheme was terminated upon the transfer of the listing of the shares of the Company from GEM to the Main Board of the Stock Exchange on 16 June 2009. No further options may be offered under the Current Scheme. However, in respect of all options which remained exercisable on the said dates of termination, they shall continue to be exercisable subject to the provisions of the 2002 Scheme or the Current Scheme as applicable.

(2) The purpose of the 2002 Scheme is to recognise the contribution of full-time employees of the Company or any subsidiary and executive and independent non-executive directors of the Company or any subsidiary (the "2002 Participants") by granting share options to them as incentives or rewards.

The purpose of the Current Scheme is to recognise the contribution of the executives, employees, directors (including non-executive directors and independent non-executive directors), consultants, advisers and agents of the Company and its affiliates (the "Current Participants" and, together with the 2002 Participants, the "Participants") by granting share options to them as incentives or rewards.

(3) The total number of shares which may be issued upon exercise of all share options to be granted under the Schemes shall not in aggregate exceed 10% of the total number of shares in issue of the Company as at 30 March 2005, the date on which the Current Scheme was adopted. As at the date of this annual report, no further options may be offered under the Schemes. The total number of shares which may be issued upon exercise of all outstanding share options granted and yet to be exercised under the Schemes must not exceed 30% of the shares in issue from time to time.

(4) Pursuant to each of the 2002 Scheme and the Current Scheme, the total number of shares issued and to be issued upon the exercise of all share options granted and to be granted to each Participant (including both exercised and outstanding share options) in any 12-month period up to and including the offer date shall not exceed 1% of the shares in issue as at the offer date. The Company may grant share options in excess of such limit, subject to shareholders' approval in general meeting.

(5) Pursuant to the 2002 Scheme, a share option may be exercised at any time during a period notified by the Board to the grantee provided that such period shall not commence earlier than 27 December 2002 and shall not be longer than 10 years from the date of offer.

Pursuant to the Current Scheme, a share option may be exercised at any time during a period notified by the Board to the grantee, such period shall not be longer than 10 years from the date of offer.

35 SHARE OPTIONS *(Continued)*

(a) Share option schemes of the Company (Continued)

(i) The principal terms of the share option schemes of the Company are summarised as follows: *(Continued)*

(6) Pursuant to each of the 2002 Scheme and the Current Scheme, a share option may be granted by the Board upon any terms and conditions as it may think fit subject to the rules of the Schemes and the GEM Listing Rules. Save for this, there are neither any performance targets that need to be achieved by the grantee nor any minimum period for which a share option must be held before a share option can be exercised.

(7) Pursuant to each of the 2002 Scheme and the Current Scheme, acceptance of an offer must be made by the grantee by the date specified in the offer as the last date for acceptance, together with a remittance in favour of the Company of $1 by way of consideration for the grant.

(8) Pursuant to the 2002 Scheme and the Current Scheme, the exercise price shall be determined by the Board, but shall not be less than the higher of:

(a) the closing price of the shares as stated in the Stock Exchange's daily quotation sheet on the date on which an offer is made to a Participant, which must be a business day;

(b) the average of the closing prices of the shares as stated in the Stock Exchange's daily quotation sheets for the five business days immediately preceding the date on which an offer is made; and

(c) the nominal value of the shares.

(Expressed in Hong Kong dollars unless otherwise indicated)

35 SHARE OPTIONS *(Continued)*

(a) Share option schemes of the Company (Continued)

(ii) The terms and conditions of the grants that existed during the year are as follows, whereby all share options are settled by physical delivery of shares:

	Exercise price $	Number of share options	Vesting conditions	Contractual life of share options
Share options granted to directors:				
– on 4 March 2005 ("Option 1")	1.60	2,400,000	- immediately 3 months after the date of grant	Expire at the close of business on 28 February 2015
– on 30 March 2005 ("Option 2")	1.76	63,206,245	- up to 20% immediately after 6 months from the date of grant - up to 60% immediately after 18 months from the date of grant - up to 100% immediately after 30 months from the date of grant	Expire at the close of business on 3 March 2015
Options granted to employees:				
– on 4 March 2005 ("Option 1")	1.60	11,870,000	- immediately 3 months after the date of grant	Expire at the close of business on 28 February 2015
		77,476,245		

Each share option entitles the holder to subscribe for one ordinary share in the Company.

35 SHARE OPTIONS *(Continued)*

(a) Share option schemes of the Company (Continued)

(iii) The number and weighted average exercise prices of share options are as follows:

	2009		2008	
	Weighted average exercise price $	**Number of options '000**	Weighted average exercise price $	Number of options '000
Outstanding at the beginning of the year	**1.73**	**77,476**	1.73	77,576
Exercised during the year	**—**	**—**	1.60	(100)
Outstanding at the end of the year	**1.73**	**77,476**	1.73	77,476
Exercisable at the end of the year	**1.73**	**77,476**	1.73	77,476

No share options lapsed or were cancelled during the years ended 31 March 2009 and 2008. The weighted average share price at the date of exercise for share options exercised during the year ended 31 March 2008 was $2.92. No share options were exercised during the year ended 31 March 2009.

The options outstanding at 31 March 2009 had an exercise price of $1.60 or $1.76 (2008: $1.60 or $1.76) and a weighted average remaining contractual life of 5.93 years (2008: 6.93 years).

(Expressed in Hong Kong dollars unless otherwise indicated)

35 SHARE OPTIONS *(Continued)*

(a) Share option schemes of the Company *(Continued)*

(iv) Fair value of share options and assumptions

The fair value of services received in return for share options granted is measured by reference to the fair value of share options granted. The estimated fair value of the services received is measured based on the Black-Scholes pricing model. The contractual life of the share option and expectations of early exercise are incorporated into the Black-Scholes pricing model.

Fair value of share options and assumptions	
Fair value at measurement date	
– Option 1	$0.098
– Option 2	$0.139
Share price	
– Option 1	$1.60
– Option 2	$1.52
Exercise price	
– Option 1	$1.60
– Option 2	$1.76
Expected volatility (expressed as a weighted average volatility used in the modelling under the Black-Scholes pricing model)	
– Option 1	46.77%
– Option 2	45.63%
Share option expected life (expressed as a weighted average life used in the modelling under the Black-Scholes pricing model)	
– Option 1	0.33 years
– Option 2	0.6 - 2.6 years
Expected dividend yield	
– Option 1	—
– Option 2	1.39 - 2.35%
Risk-free interest rate (based on Exchange Fund Notes)	
– Option 1	1.789%
– Option 2	2.669 - 3.568%

The expected volatility is based on the historical volatility (calculated based on the weighted average remaining life of the share options), adjusted for any expected changes to future volatility due to publicly available information. Expected dividend yields are based on historical dividends. Changes in the subjective input assumptions could materially affect the fair value estimates.

Share options were granted under a service condition. This condition has not been taken into account in the grant date fair value measurement of the services received. There were no market conditions associated with the share option grants.

35 SHARE OPTIONS *(Continued)*

(b) Share option scheme of CSC

CSC, a subsidiary of the Company as at 31 March 2009, operates a share option scheme ("CSC Scheme") which was adopted on 21 September 2006 (the "Effective Date") whereby the directors of CSC are authorised, at their discretion, to offer any employee (including any director) of CSC options to subscribe for shares in CSC to recognise their contributions to the growth of CSC. Each share option gives the holder the right to subscribe for one share of CSC. The CSC Scheme is valid and effective for a period of ten years ending on 21 September 2016.

(i) The terms and conditions of the share options granted under the CSC Scheme and that existed during the years are as follows, whereby all share options are settled by physical delivery of shares:

	Exercise price $	**Number of share options**	**Vesting conditions**	**Contractual life of share options**
Share options granted to directors of the Company on 21 September 2006	450	40,000	– up to 30% immediately from the Effective Date – up to 60% immediately after 12 months from the Effective Date – up to 100% immediately after 18 months from the Effective Date	Expire at the close of business on 27 August 2016
Share options granted to employees on 21 September 2006	450	60,000	– up to 30% immediately from the Effective Date – up to 60% immediately after 12 months from the Effective Date – up to 100% immediately after 18 months from the Effective Date	Expire at the close of business on 27 August 2016
		100,000		

(ii) The number and weighted average exercise prices of share options are as follows:

	2009		2008	
	Weighted average exercise price $	**Number of share options '000**	Weighted average exercise price $	Number of share options '000
Outstanding during the year	**450**	**100**	450	100
Exercisable at the end of the year	**450**	**100**	450	100

No share options were exercised, cancelled or lapsed during the years ended 31 March 2009 and 2008. The share options outstanding at 31 March 2009 had a weighted average remaining contractual life of 6.42 years (2008: 7.42 years).

(Expressed in Hong Kong dollars unless otherwise indicated)

35 SHARE OPTIONS *(Continued)*

(b) Share option scheme of CSC (Continued)

(iii) Fair value of share options and assumptions

The fair value of services received in return for share options granted is measured by reference to the fair value of share options granted. The estimate of the fair value of the services received is measured based on the Black-Scholes pricing model. The contractual life of the share option and expectations of early exercise are incorporated into the Black-Scholes pricing model.

Fair value at measurement date	$61.65
Share price	$450.00
Exercise price	$450.00
Expected volatility (expressed as a weighted average volatility used in the modelling under the Black-Scholes pricing model)	34.66% - 40.21%
Share option life (expressed as a weighted average life used in the modelling under the Black-Scholes pricing model)	0.1 - 1.6 years
Expected dividend yield	—
Risk-free interest rate (based on Exchange Fund Notes)	1.83% - 2.19%

The expected volatility is based on the volatility of listed shares of comparable companies (calculated based on the weighted average remaining life of the share options). Changes in the subjective input assumptions could materially affect the fair value estimates.

Share options were granted under a service condition. This condition has not been taken into account in the grant date fair value measurement of the services received. There were no market conditions associated with the share option grants.

36 FINANCIAL INSTRUMENTS

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.

These risks are limited by the Group's financial management policies and practices described below:

(a) Credit risk

The Group's credit risk is primarily attributable to cash at bank, bank deopsits, trade and other receivables and amounts due from associates. 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, 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. Except for instalment receivables from the rendering of Cord Blood Bank services, trade receivables are due within 60 to 180 days from the date of billing. For instalments receivable, a regular review is carried out and follow up actions are taken on overdue amounts to minimise the Group's exposure to credit risk. Normally, the Group does not hold any collateral over trade receivables. For amounts due from associates, the management closely monitors credit risk based on the financial positions of the counterparties. Cash at bank and bank deposits are placed with licensed financial institutions with high credit ratings. The Group monitors the exposure to each financial institution.

Investments are normally only in liquid securities quoted on a recognised stock exchange, except where entered into for long term strategic purposes.

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 the balance sheet date, the Group has a certain concentration of credit risk as 48% (2008: 54%) and 72% (2008: 83%) of the trade receivables were due from the Group's largest customer and the five largest customers respectively.

The maximum exposure to credit risk is represented by the carrying amount of each financial asset in the balance sheet after deducting any impairment allowance. Except for the financial guarantees disclosed in note 38, the Group does not provide any other guarantees which would expose the Group to credit risk. The maximum exposure to credit risk in respect of these financial guarantees at the balance sheet date is disclosed in note 38.

Further quantitative disclosures in respect of the Group's exposure to credit risk arising from trade receivables are set out in notes 22(a) and 25.

(b) Liquidity risk

Individual operating entities within the Group are responsible for their own cash management, including the short-term investment of surplus cash 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.

36 FINANCIAL INSTRUMENTS *(Continued)*

(b) Liquidity risk (Continued)

The following table details the remaining contractual maturities at the balance sheet date of the Group's and the Company'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 balance sheet date) and the earliest date the Group and the Company can be required to pay:

The Group	2009						2008					
	Carrying amount $'000	Total contractual undiscounted cash flow $'000	Within 1 year or on demand $'000	More than 1 year but less than 2 years $'000	More than 2 years but less than 5 years $'000	More than 5 years $'000	Carrying amount $'000	Total contractual undiscounted cash flow $'000	Within 1 year or on demand $'000	More than 1 year but less than 2 years $'000	More than 2 years but less than 5 years $'000	More than 5 years $'000
Trade payables	39,524	39,524	39,524	–	–	–	25,467	25,467	25,467	–	–	–
Other payables and accruals	46,088	46,088	46,088	–	–	–	75,283	75,283	75,283	–	–	–
Bank loans	345,704	357,756	8,253	117,011	232,492	–	351,815	437,781	31,527	22,475	383,779	–
Obligations under a finance lease	3,462	3,826	1,044	1,044	1,738	–	–	–	–	–	–	–
Amounts due to associates	15,616	15,616	15,616	–	–	–	–	–	–	–	–	–
Other non-current liabilities	15,494	15,494	–	1,205	3,152	11,137	15,425	15,425	–	1,159	2,609	11,657
	465,888	478,304	110,525	119,260	237,382	11,137	467,990	553,956	132,277	23,634	386,388	11,657

The Company	2009						2008					
	Carrying amount $'000	Total contractual undiscounted cash flow $'000	Within 1 year or on demand $'000	More than 1 year but less than 2 years $'000	More than 2 years but less than 5 years $'000	More than 5 years $'000	Carrying amount $'000	Total contractual undiscounted cash flow $'000	Within 1 year or on demand $'000	More than 1 year but less than 2 years $'000	More than 2 years but less than 5 years $'000	More than 5 years $'000
Other payables and accruals	8,555	8,555	8,555	–	–	–	53,788	53,788	53,788	–	–	–
Bank loans	232,492	232,492	–	–	232,492	–	241,024	306,629	23,251	14,199	269,179	–
Obligations under a finance lease	3,462	3,826	1,044	1,044	1,738	–	–	–	–	–	–	–
Amounts due to associates	15,395	15,395	15,395	–	–	–	–	–	–	–	–	–
	259,904	260,268	24,994	1,044	234,230	–	294,812	360,417	77,039	14,199	269,179	–

As disclosed in note 29, the Group was obliged to pay to an intermediary 50% of the gain arising from the future disposal of certain available-for-sale equity securities as at 31 March 2008. The Group's obligations under this derivative financial instrument were not included in the above table as the amount payable was dependent on the proceeds from the future disposal of available-for-sale equity securities and the instrument had no fixed maturity.

Amounts due to subsidiaries have no fixed terms of settlement but are not expected to be settled within one year.

36 FINANCIAL INSTRUMENTS *(Continued)*

(c) Interest rate risk

The Group's interest rate risk arises primarily from interest bearing loan to associate, receivables, deposits with banks, bank loans and obligations under a finance lease. 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 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 and the Company at the balance sheet date:

	The Group				The Company			
	2009		2008		**2009**		2008	
	Effective interest rate		Effective interest rate		**Effective interest rate**		Effective interest rate	
	%	**$'000**	%	$'000	**%**	**$'000**	%	$'000
Fixed rate assets/ (borrowings):								
Loan to associate	**9.16**	**215,061**	9.16	275,241	**—**	**—**	—	—
Interest-bearing trade receivables	**3.16**	**133,486**	3.16	31,377	**—**	**—**	—	—
Interest-bearing other receivables	**—**	**—**	2.80	34,987	**—**	**—**	—	—
Deposits with banks	**—**	**—**	2.26	213,625	**—**	**—**	1.25	28,278
Obligations under a finance lease	**5.43**	**(3,462)**	—	—	**5.43**	**(3,462)**	—	—
		345,085		555,230		**(3,462)**		28,278
Variable rate assets/ (borrowings):								
Financial assets at fair value through profit or loss	**—**	**—**	1.40	64,926	**—**	**—**	—	27,731
Cash at bank and on hand	**0.33**	**811,318**	0.69	784,122	**0.02**	**29,864**	0.36	39,978
Bank loans	**2.52**	**(345,704)**	6.75	(351,815)	**0.20**	**(232,492)**	6.42	(241,024)
		465,614		497,233		**(202,628)**		(173,315)

36 FINANCIAL INSTRUMENTS *(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 2009, with all other variables held constant, would have increased/decreased the Group's profit after taxation and retained profits by approximately $3,708,000 (2008: $4,370,000).

The sensitivity analysis above indicates the instantaneous change in the Group's profit after taxation and retained profits that would arise assuming that the change in interest rates had occurred at the balance sheet date 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 balance sheet date. In respect of the exposure to cash flow interest rate risk arising from floating rate non-derivative instruments held by the Group at the balance sheet date, the impact on the Group's profit after taxation and retained profits 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 2008.

(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, Hong Kong Dollars ("HKD") and the United States Dollars ("USD"). With the natural hedging of the revenue and costs denominated in Chinese Renminbi, 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 USD, Australian Dollars and British Pounds Sterling ("GBP"). As HKD is pegged to USD, the Company does not expect any significant movements in the USD/HKD exchange rate.

36 FINANCIAL INSTRUMENTS *(Continued)*

(d) Currency risk (Continued)

(i) Exposure to currency risk

The following table details the Group's and the Company's exposure at the balance sheet date 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:

The Group	2009					2008			
	United States Dollars '000	Hong Kong Dollars '000	Chinese Renminbi '000	British Pounds Sterling '000	Australian Dollars '000	United States Dollars '000	Chinese Renminbi '000	British Pounds Sterling '000	Australian Dollars '000
Loan to associate	—	—	—	19,357	—	—	—	17,743	—
Available-for-sale equity securities	14,420	—	—	—	5,608	47,218	—	—	5,865
Other financial assets	—	—	—	—	—	4,769	—	—	—
Other investments	604	—	—	—	—	10,636	—	—	—
Other receivables, deposits and prepayments	—	—	82	—	—	5,168	—	—	—
Cash and bank balances	2,122	4,516	446	—	121	35,377	687	—	62
Other payables and accruals	—	—	—	—	—	(8,464)	—	—	—
Bank loans	(29,807)	—	—	—	—	(29,747)	—	—	—
Overall net exposure	(12,661)	4,516	528	19,357	5,729	64,957	687	17,743	5,927

The Company	2009		2008	
	United States Dollars '000	Chinese Renminbi '000	United States Dollars '000	Chinese Renminbi '000
Other investments	15	—	3,649	—
Cash and bank balances	1,524	446	8,120	687
Bank loans	(29,807)	—	(29,747)	—
Overall net exposure	(28,268)	446	(17,978)	687

36 FINANCIAL INSTRUMENTS *(Continued)*

(d) Currency risk (Continued)

(ii) Sensitivity analysis

The following table indicates the instantaneous change in the Group's profit after taxation (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 balance sheet date had changed at that date, assuming all other risk variables remained constant. In this respect, it is assumed that the pegged rate between the Hong Kong Dollar and the United States Dollar would be materially unaffected by any changes in movement in value of the United States Dollar against other currencies.

	2009			2008		
	Increase/ (decrease) in foreign exchange rates	**Effect on profit after taxation and retained profits $'000**	**Effect on other components of equity $'000**	Increase/ (decrease) in foreign exchange rates	Effect on profit after taxation and retained profits $'000	Effect on other components of equity $'000
Chinese Renminbi	**5%**	**(196)**	**—**	5%	38	—
	(5)%	**196**	**—**	(5)%	(38)	—
British Pounds Sterling	**10%**	**21,506**	**—**	10%	27,524	—
	(10)%	**(21,506)**	**—**	(10)%	(27,524)	—
Australian Dollars	**5%**	**32**	**1,485**	5%	22	2,095
	(5)%	**(32)**	**(1,485)**	(5)%	(22)	(2,095)

Results of the analysis as presented in the above table represent an aggregation of the instantaneous effects on each of the Group entities' profit after taxation and equity measured in the respective functional currencies, translated into Hong Kong dollars at the exchange rates ruling at the balance sheet date 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 foreign currency risk at the balance sheet date. 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 2008.

36 FINANCIAL INSTRUMENTS *(Continued)*

(e) Equity price risk

The Group is exposed to equity price changes arising from equity investments classified as trading securities (see note 23) and available-for-sale equity securities (see note 21). Other than unquoted securities held for strategic purposes, all of these investments are listed. As at 31 March 2008, the Group also invested in equity linked notes the value of which was exposed to price changes of certain listed equity securities (see note 23) and had outstanding derivative financial instruments with certain of the Group's listed available-for-sale equity securities as the underlying asset (see note 29).

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.

It is estimated that an increase/decrease of 10% in the fair value of the Group's investments in equity securities at 31 March 2009, with all other variables held constant, would have increased/decreased the Group's profit after taxation and retained profits by approximately $5,059,000 (2008: $6,593,000), and the Group's other components of consolidated equity by approximately $3,062,000 (2008: $29,755,000).

The sensitivity analysis indicates the instantaneous change in the Group's profit after taxation and retained profits and other components of consolidated equity that would arise assuming that the changes in the fair value of equity securities had occurred at the balance sheet date and had been applied to re-measure those financial instruments held by the Group which expose the Group to equity price risk at the balance sheet date. 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 2008.

36 FINANCIAL INSTRUMENTS *(Continued)*

(f) Fair values

All financial instruments are carried at amounts not materially different from their fair values as at 31 March 2009 and 2008 except as follows:

(i) Amounts due from/to subsidiaries and associates 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.

(ii) Unlisted equity securities of $112,641,000 (2008: $112,641,000) 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 the balance sheet date.

(g) Estimation of fair values

The following summarises the major methods and assumptions used in estimating the fair values of the following financial instruments:

(i) Securities

Fair value is based on quoted market prices at the balance sheet date without any deduction of transaction costs.

(ii) Interest-bearing loans and borrowings and finance lease liabilities

The fair value is estimated as the present value of future cash flows, discounted at the current market interest rates for similar financial instruments.

(iii) Financial guarantees

The fair value of financial guarantees issued is determined by reference to fees charged in an arm's length transaction for similar services, when such information is obtainable, or is otherwise estimated by reference to interest rate differentials, by comparing the actual rates charged by lenders when the guarantee is made available with the estimated rates that lenders would have charged, had the guarantees not been available, where reliable estimates of such information can be made.

37 COMMITMENTS

(a) Capital commitments for the acquisition of plant and equipment outstanding at 31 March 2009 not provided for in the financial statements were as follows:

	The Group		The Company	
	2009	2008	**2009**	2008
	$'000	$'000	**$'000**	$'000
Contracted for	**3,113**	52,174	**—**	4,635

(b) As at 31 March 2009, the total future minimum lease payments under non-cancellable operating leases are payable as follows:

	The Group		The Company	
	2009	2008	**2009**	2008
	$'000	$'000	**$'000**	$'000
Within 1 year	**13,648**	14,137	**6,755**	7,932
After 1 year but within 5 years	**19,197**	23,283	**—**	6,505
After 5 years	**61,082**	61,837	**—**	—
	93,927	99,257	**6,755**	14,437

The Group leases a number of properties under operating leases. The leases typically run for an initial period of one to twenty years, with an option to renew the leases upon expiry when all terms are renegotiated. None of the leases includes contingent rentals.

Lease terms of properties of the Group situated on land held under operating leases are disclosed in note 15(e).

(c) Other commitments

On 1 February 2008, the Group contributed US$3,000,000, equivalent to $23,400,000 to an unlisted private equity fund and the Group classified the investment as available-for-sale equity securities as at 31 March 2009 and 2008. At 31 March 2009 and 2008, the Group is committed to contribute a further US$17,000,000, equivalent to $132,600,000, as further investments in the fund.

As disclosed in note 22(b), the Group and the Company have paid deposits of $767,287,000 as at 31 March 2009 for a proposed acquisition. The total consideration is $830,000,000 and the outstanding commitment for the acquisition at 31 March 2009 is $62,713,000 (2008: $Nil).

38 CONTINGENT LIABILITIES

As at 31 March 2009, a subsidiary of the Company has issued guarantees to banks in respect of banking facilities granted to a jointly controlled entity which will expire within one year. Under the guarantees, the subsidiary is liable for the borrowings of the jointly controlled entity under such facilities from the banks which are the beneficiaries of the guarantees. As at the balance sheet date, the directors do not consider it is probable that a claim will be made against the subsidiary under the guarantees. The maximum liability of the Group at the balance sheet date under the guarantees issued is the outstanding amount of the facilities drawn down by the jointly controlled entity of $421,148,000 (2008: $360,071,000).

The Group has not recognised any deferred income in respect of the guarantees as their fair value cannot be reliably measured and their transaction price was $Nil.

39 RETIREMENT SCHEMES

Hong Kong

Since December 2001, the Company and a Hong Kong subsidiary operate 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. The MPF scheme is a defined contribution retirement scheme administered by independent trustees. Under the MPF scheme, the employer and its employees are each required to make contributions to the scheme at 5% of the employees' relevant income, subject to a cap of monthly relevant income of $20,000. Contributions to the scheme vest immediately.

PRC, other than Hong Kong

Pursuant to the relevant PRC regulations, the Company's PRC subsidiaries are required to make contributions at approximately 20% of the employees' salaries and wages to defined contribution retirement schemes organised by the local Social Security Bureau in respect of the retirement benefits for the Group's employees in the PRC.

Save as disclosed above, the Group has no other obligation to make payments in respect of retirement benefits of the employees.

40 MATERIAL RELATED PARTY TRANSACTIONS

(a) Transactions with related companies

During the year ended 31 March 2008, the Group made a loan to an associate in connection with the disposal of subsidiaries (see notes 10 and 19). The loan was carried at amortised cost of $215,061,000 (2008: $275,241,000) as at 31 March 2009. Interest income of $21,623,000 (2008: $6,162,000) has been recognised during the year ended 31 March 2009.

During the year ended 31 March 2009, the Group entered into a one-year lease with an associate in respect of a property for use as office. The amount of rental incurred in the year ended 31 March 2009 is $2,712,000 (2008: $Nil). No rental payable was outstanding as at 31 March 2009 (2008: $Nil).

Except for interest income from loan to associate, operating lease charges in respect of property leased from associate and the financial guarantees and pledge of assets granted for jointly controlled entities as disclosed in note 38, there were no material transactions with related companies during the years ended 31 March 2009 and 2008.

(b) 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.

41 NON-ADJUSTING POST BALANCE SHEET EVENTS

(a) Share options granted

On 27 April 2009, the Company granted 63,000,000 share options to the Current Participants under the Current Scheme adopted by the Company on 30 March 2005, subject to acceptance by the grantees. Each share option entitles the holder to subscribe for one share of $0.1 each of the Company at an exercise price of $1.15. The contractual life of these share options is the period from the date on which an option certificate is issued after acceptance by the grantees and expiring on the business day immediately preceding the tenth anniversary of the date of grant. Among the 63,000,000 share options granted, 18,800,000 share options were granted to the directors of the Company. Further details are set out in the Company's announcement dated 27 April 2009.

(b) Placing of convertible bonds and warrants

On 30 April 2009, the Company entered into a conditional Placing Agreement with a third party Placing Agent, whereby the Placing Agent has agreed to procure purchasers, on a fully underwritten basis, to purchase and pay for the convertible bonds to be issued by the Company in an aggregate principal amount of US$10,000,000, equivalent to $78,000,000, at an issue price of 100% of the aggregate principal amount of the convertible bonds on the terms and conditions of the Placing Agreement. Upon the closing of the issuance of the convertible bonds, the Company will issue, by way of bonus, warrants to the purchasers to subscribe for 19,080,000 ordinary shares of $0.1 each of the Company, at an exercise price of US$0.1747 per share. The issuance of the convertible bonds and warrants has not yet been completed up to the date of this annual report.

In addition, the Company has granted to the Placing Agent an option to require the Company to issue additional convertible bonds up to a further aggregate principal amount of US$5,000,000, equivalent to $39,000,000, at an issue price of 100% of the aggregate principal amount of the relevant convertible bonds, exercisable during the period of 365 days after the issue date. Upon the closing of these additional convertible bonds, the Company will issue, by way of bonus, warrants to the purchasers to subscribe for up to 9,540,000 ordinary shares of $0.1 each of the Company, at an exercise price of US$0.1747 per share.

Further details of the placing of convertible bonds and warrants are set out in the Company's announcement dated 30 April 2009.

41 NON-ADJUSTING POST BALANCE SHEET EVENTS *(Continued)*

(c) Deemed disposal of partial interests in jointly controlled entities

As at 31 March 2009, the Company indirectly held a 33.5% equity interest in Pypo Digital, via its 50% equity interest in Capital Ally. Pypo Digital in turn held 100% equity interest in Beijing Pypo. Pursuant to a Merger Agreement, MK Arizona Corporation ("MK Arizona"), a company listed on the OTC Bulletin Board in the United States of America, acquired by way of share exchange the entire issued and outstanding ordinary shares of Pypo Digital.

The transaction was approved by the shareholders of MK Arizona on 29 June 2009 and is expected to complete in July 2009. It is expected that upon the completion of the transaction on Capital Ally would hold a 65% equity interest in MK Arizona and MK Arizona in turn holds a 100% equity interest in Pypo Digital. The management is in the process of assessing the Group's share of the gain or loss on deemed disposal of partial interests in Pypo Digital which will be accounted for in the Group's financial statements for the year ending 31 March 2010.

(d) Disposal of subsidiaries

As at 31 March 2009, the Company indirectly held a 50.25% equity interest in CCBS, which in turn held the entire equity interest in Jiachenhong and a 90% equity interest in Nuoya. On 3 November 2008, the Company together with CCBS and CCBS's minority shareholders executed a Share Transfer Agreement (the "Agreement") with Pantheon China Acquisition Corp. ("Pantheon", a company listed on the OTC Bulletin Board in the United States of America) for the proposed spin-off and disposal of CCBS (the "Proposed Transaction"). Further details are set out in the Company's circular dated 24 November 2008 in connection with the Proposed Transaction.

Pursuant to the Agreement, Pantheon will issue to a subsidiary of the Company and the other shareholders of CCBS up to 57,851,240 shares of Pantheon in exchange for up to 100% issued and outstanding shares of CCBS. The purpose of the Proposed Transaction is for CCBS to be a listed company indirectly.

The Proposed Transaction was approved by the shareholders of Pantheon on 29 June 2009 and was completed on 30 June 2009. Upon the completion of the Proposed Transaction, the Company indirectly holds a 49% equity interest in Pantheon and Pantheon in turn holds a 94% equity interest in CCBS. The management is in the process of assessing the gain or loss on disposal of subsidiaries which will be accounted for in the Group's financial statements for the year ending 31 March 2010.

42 COMPARATIVE FIGURES

A government grant of $222,000 in the consolidated balance sheet at 31 March 2008 has been re-classified as other non-current liabilities to conform with the current year's presentation.

43 ACCOUNTING ESTIMATES AND JUDGEMENTS

Notes 17, 35 and 36(g) contain information about the assumptions and their risk factors relating to goodwill impairment, fair value of share options granted and financial instruments. Other key sources of estimation uncertainty are as follows:

(a) 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.

43 ACCOUNTING ESTIMATES AND JUDGEMENTS *(Continued)*

(b) Impairment of assets

Internal and external sources of information are reviewed by the Group at each balance sheet date 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.

(c) Recognition of deferred tax assets

The Group has recognised deferred tax assets which arose from deductible temporary differences as set out in note 32(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 the consolidated income statement for the period in which such a reversal takes place.

44 POSSIBLE IMPACT OF AMENDMENTS, NEW STANDARDS AND INTERPRETATIONS ISSUED BUT NOT YET EFFECTIVE FOR THE YEAR ENDED 31 MARCH 2009

Up to the date of issue of these financial statements, the HKICPA has issued a number of amendments, new standards and interpretations which are not yet effective for the year ended 31 March 2009 and which have not been adopted in these financial statements.

The Group is in the process of making an assessment of what the impact of these amendments, new standards and new interpretations is expected to be in the period of initial application. So far it has concluded that the adoption of them is unlikely to have a material impact on the Group's results of operations and financial position.

In addition, the following developments may result in new or amended disclosures in the financial statements:

	Effective for accounting periods beginning on or after
HKAS 1 (Revised), Presentation of financial statements	1 January 2009
HKFRS 8, Operating segments	1 January 2009

Five-Year Financial Summary

A summary of the published financial information of the Group is set out below:

RESULTS

	Year ended 31 March 2005 HK$'000	Year ended 31 March 2006 HK$'000	Year ended 31 March 2007 HK$'000	Year ended 31 March 2008 HK$'000	**Year ended 31 March 2009 HK$'000**
Turnover	238,991	280,578	331,134	421,147	**497,756**
Profit from operations	130,758	97,405	255,790	535,311	**220,043**
Finance costs	(8,399)	(12,431)	(10,817)	(20,628)	**(13,091)**
Gain on deemed disposal of interests in an associate and jointly controlled entities	—	116,571	—	55,416	**—**
Gain on partial disposal of an associate	—	322,218	—	—	**—**
Share of profits less losses of associates and jointly controlled entities	26,957	39,975	35,597	68,657	**(84,621)**
Profit before taxation	149,316	563,738	280,570	638,756	**122,331**
Income tax	(10,658)	(2,466)	(15,818)	(24,244)	**(41,995)**
Profit for the year from continuing operations	138,658	561,272	264,752	614,512	**80,336**
Discontinued operation					
(Loss)/profit for the year from discontinued operation	—	—	(34,101)	99,141	**—**
Profit for the year	138,658	561,272	230,651	713,653	**80,336**
Attributable to:					
Equity shareholders of the Company	138,263	563,824	223,365	683,744	**57,089**
Minority interests	395	(2,552)	7,286	29,909	**23,247**
Profit for the year	138,658	561,272	230,651	713,653	**80,336**

ASSETS AND LIABILITIES

	As at 31 March				
	2005 HK$'000	2006 HK$'000	2007 HK$'000	2008 HK$'000	**2009** **HK$'000**
Fixed assets	344,934	303,624	273,131	351,573	**414,769**
Intangible assets	521,010	523,845	516,581	85,488	**84,079**
Goodwill	74,450	74,450	74,450	67,169	**67,169**
Interests in associates	79,964	30,395	33,345	713,743	**518,715**
Interests in jointly controlled entities	—	—	504,509	657,764	**712,639**
Available-for-sale equity securities	—	635,304	561,936	410,192	**143,260**
Other non-current assets	129,038	61,316	77,007	481,819	**944,346**
Deferred tax assets	—	9,397	8,652	5,482	**6,794**
	1,149,396	1,638,331	2,049,611	2,773,230	**2,891,771**
Current assets	340,906	888,482	994,427	1,416,847	**1,222,081**
Total assets	1,490,302	2,526,813	3,044,038	4,190,077	**4,113,852**
Current liabilities	(175,696)	(197,789)	(283,210)	(198,906)	**(128,508)**
Total assets less current liabilities	1,314,606	2,329,024	2,760,828	3,991,171	**3,985,344**
Non-current liabilities	(308,122)	(223,977)	(38,523)	(438,207)	**(447,822)**
Net assets	1,006,484	2,105,047	2,722,305	3,552,964	**3,537,522**
Attributable to:					
Equity shareholders of the Company	956,141	2,055,998	2,560,154	3,232,898	**3,180,360**
Minority interests	50,343	49,049	162,151	320,066	**357,162**
Total equity	1,006,484	2,105,047	2,722,305	3,552,964	**3,537,522**

Note:

1. Comparative figures for 2007 have been re-classified as a result of the discontinued operation to conform with the presentation for 2008. No re-classification was made for 2006 and prior years.

Glossary

Terms used	Brief description
General	
Associate	A company 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.
Company	Golden Meditech Company Limited.
Director(s)	The director(s) of the Company.
GEM	The Growth Enterprise Market operated by the Stock Exchange.
GEM Listing Rules	The Rules Governing the Listing of Securities on the GEM.
Group	Golden Meditech Company Limited, together with its subsidiaries.
HK$	The Hong Kong dollar, the currency of Hong Kong.
HKICPA	The Hong Kong Institute of Certified Public Accountants, established under the Professional Accountants Ordinance (Chapter 50 of the Law of Hong Kong).
Hong Kong	The Hong Kong Special Administrative Region of the People's Republic of China.
HKFRSs	Hong Kong Financial Reporting Standards, which collective term includes all applicable individual Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards and Interpretations issued by the HKICPA.
Jointly Controlled Entity	A company which operates under a contractual arrangement between the Group and other parties, where the contractual agreement establishes that the Group and one or more of the other party share joint control over the economic activity of the company.
Main Board	the securities market operated by the Stock Exchange prior to the establishment of GEM (excluding the options market) which continues to be operated by the Stock Exchange parallel with GEM. For the avoidance of doubt, the Main Board excludes GEM.
Main Board Listing Rules	the Rules Governing the Listing of Securities on the Stock Exchange.
PRC/China	The People's Republic of China, excluding Hong Kong, Macau Special Administrative Region and Taiwan.
RMB	Chinese Renminbi, the currency of China.
SFDA	China's State Food and Drug Administration.
SFO	Securities and Futures Ordinance, Chapter 571 of the Laws of Hong Kong.
Share(s)	Ordinary share(s) of HK$0.10 each in the share capital of the Company.
Shareholder(s)	Holder(s) of Shares.

Stock Exchange	The Stock Exchange of Hong Kong Limited.
Subsidiary	An entity controlled by the Group. Control exists when the Group has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. In assessing control, potential voting rights that presently are exercisable are taken into account.

Medical Device Segment

Autologous Blood Recovery System	A hi-tech medical device that collects, filtrates, separates, cleanses, and re-infuses a patient's own blood lost during an accident or operation, replacing traditional homogenous blood transfusion. Its main components are the machine and the disposable chamber.
ABRS machine	The machine of the Autologous Blood Recovery System, including the models for hospital and outdoor use.
Disposable Chamber	The disposable blood processing chamber and related accessories. These are used once per operation for blood processing and recycling, and cannot be reused.

Cord Blood Bank Segment

Blood stem cells	Haematopoietic stem cells, from which all haematopoietic and immune cell types are derived. They can develop into red blood cells, white blood cells and platelets, are self-regenerative and have a multi-differentiation and homing tendency (i.e. oriented migration to haematopoietic tissues or organs). They are found mainly in umbilical cord blood, bone marrow and peripheral blood.
Cord blood	The blood left in the umbilical cord and placenta after the umbilical cord of a newborn is clamped.
Cord blood bank	A professional medical institution offering extraction and banking services for cord blood haematopoietic stem cells and answering patients' enquiries on transplant matching.
Storage of blood stem cells	Cryopreserving, or preserving by freezing, blood stem cells in liquid nitrogen at -196°C for a long period of time.

Corporate Information

Executive Directors

Mr. KAM Yuen *(Chairman)*
Ms. JIN Lu
Mr. LU Tian Long
Ms. ZHENG Ting

Independent Non-executive Directors

Prof. CAO Gang
Mr. GAO Zong Ze
Prof. GU Qiao

Registered Office

Appleby Corporate Services (Cayman) Limited
P.O. Box 1350 GT
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Head Office and Principal Place of Business in the PRC

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Principal Place of Business in Hong Kong

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1 Garden Road
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Hong Kong

Stock Code

801

Qualified Accountant and Company Secretary

Mr. KONG Kam Yu, ACA, AHKSA

Compliance Officer

Mr. KAM Yuen

Audit Committee Members

Prof. CAO Gang *(Chairman)*
Mr. GAO Zong Ze
Prof. GU Qiao

Remuneration Committee Members

Mr. GAO Zong Ze *(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
Jones Day

Auditors

KPMG

Principal Share Registrar and Transfer Office in the Cayman Islands

Appleby Corporate Services (Cayman) Limited

Branch Share Registrar and Transfer Office in Hong Kong

Computershare Hong Kong Investor Services Limited

Principal Bankers

China Construction Bank - Beijing Branch
Deutsche Bank AG
Sumitomo Mitsui Banking Corporation
EFG Bank
CITIC Ka Wah Bank Limited
Bank of China (Hong Kong) Limited

Investor Relations Officer

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GOLDEN MEDITECH COMPANY LIMITED
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