GOLDEN MEDITECH HOLDINGS LIMITED
金衛醫療集團有限公司
(Incorporated in the Cayman Islands with Limited Liability)
(Stock Code: 801.HK)

INTERIM REPORT
2011/2012


Enhancing
Shareholders'
Value

CONTENTS

Corporate Profile

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

Golden Meditech is recognised as the first-mover in China's healthcare industry with a proven track-record in identifying, grooming and establishing business operations with dominant positions in niche markets within the industry, including medical devices, cord blood banking, hospital management and related healthcare services.

THE HEALTHCARE SERVICES SEGMENT

Focusing on hospital management and related services, the Group is the first wholly-owned foreign enterprise licensed as a nationwide hospital management operator in China. We currently manage the two largest haematology specialist hospitals in China under the reputable "Daopei Hospital" brand name, and Shanghai East International Medical Centre, a renowned hospital serving high-end Chinese and foreign expatriates in Shanghai.

GM-Medicare Management (China) Company Limited is a leading medical insurance administration service provider in China, assisting both foreign and domestic medical insurance companies.

This division also includes the Group's stake in China Cord Blood Corporation ("CCBC"; CO.US), the first and largest umbilical cord blood bank operator in China that owns the exclusive licenses in Beijing, Guangdong, and Zhejiang Province, and an investment in the exclusive cord blood bank operator in Shandong. CCBC remains the single largest shareholder of Cordlife Ltd. (CBB.AX), Southeast Asia's largest cord blood bank operator.

Over the years, we have successfully established dominant positions in each niche market, thanks to our strengths in innovation, market expertise, our proven strategy and our ability in capturing emerging market opportunities. This has enabled us to unleash the intrinsic value of each business unit, release the Group's resources to focus on operations, speed up the uptake of market share and effectively accelerate our business growth.

THE MEDICAL DEVICES SEGMENT

Primarily engaged in the development, manufacture, sales and distribution of blood-related medical devices, the Group is focused on blood recovery, purification, treatment, and preservation technologies and is a leading home-grown brand in medical devices in China.

Our key products include the Autologous Blood Recovery System (the "ABRS"), the first device of its kind to obtain the approval of the State Food and Drug Administration ("SFDA"), the Plasma Exchange System and the Accelerated Thermostatic Infusion Pump.

In the long run, the Group is committed to achieving long-term growth through focusing on healthcare services and medical devices operations, addressing both hospital and general public markets, investing in healthcare projects with huge market potential, limited competition, and high investment returns, in order to continuously enhance shareholders' value through successful listings of operations.

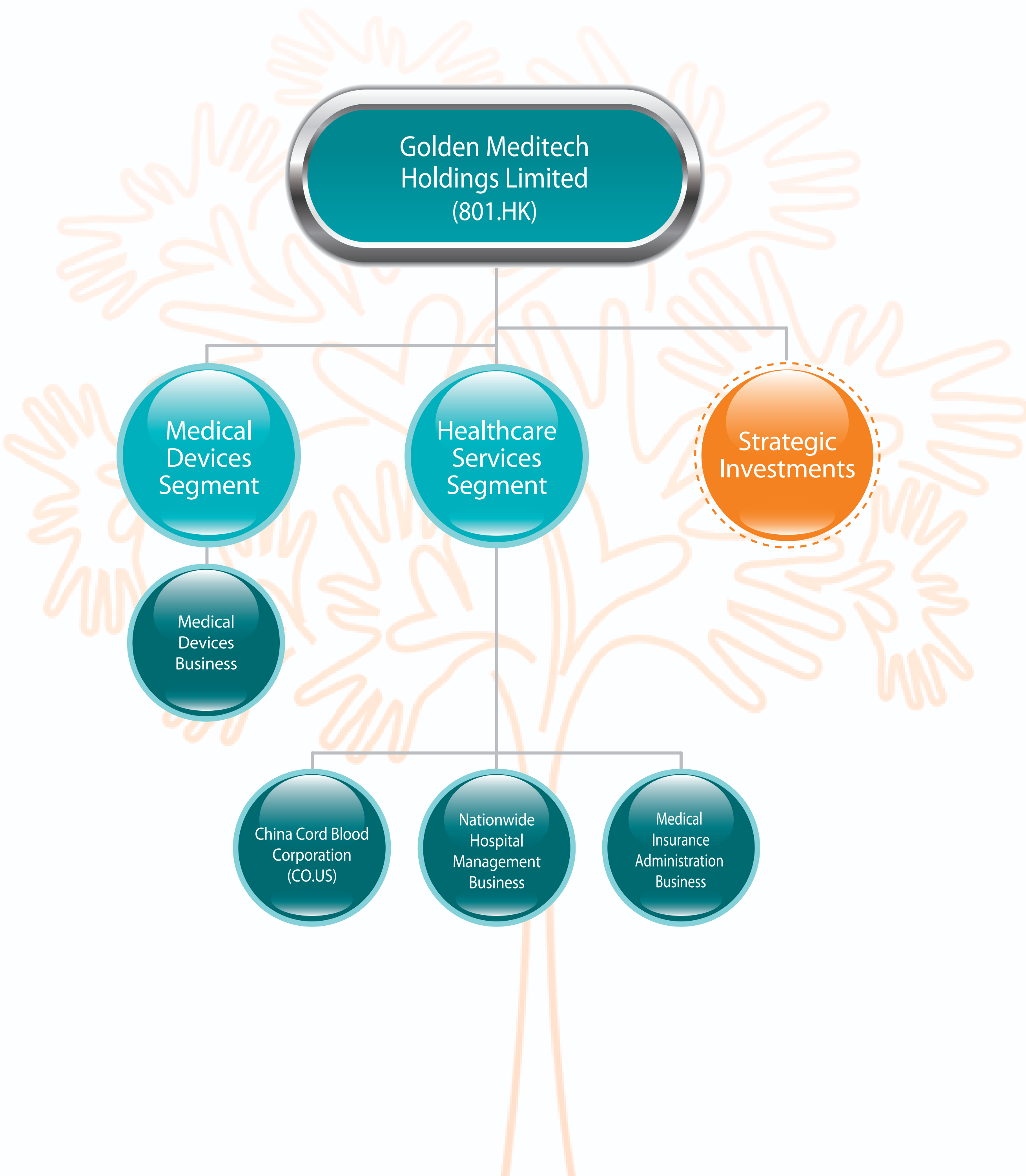
As a leading integrated healthcare services and medical devices enterprise in China with prominent presence in niche and lucrative markets, our seasoned management team has a proven track record for their execution capabilities

FIRST FOREIGN-OWNED COMPANY LICENSED TO MANAGE HOSPITALS NATIONWIDE

FIRST AND LARGEST BLOOD-RELATED MEDICAL DEVICES MANUFACTURER

FIRST AND LARGEST CORD BLOOD BANK OPERATOR

Business Structure



The Management take pleasure in presenting the Group's interim results for the financial year 2011/2012 (six months ended 30 September 2011).

The Group has seen satisfactory performance from all business divisions during the review period. Total revenue increased by 30% to HK$210,882,000 compared to HK$162,807,000 for the previous reporting period. Both core business areas in medical devices and healthcare services segment reported revenue growth and respectively accounted for 63% and 30% of total revenue. Profit attributable to shareholders reached HK$76,645,000 while earnings per share reached HK3.93 cents. Excluding all non-cash and non-operating items, adjusted profit attributable to shareholders increased by 7% to HK$83,518,000 as compared to the previous reporting period.

The Group has made significant inroads in hospital management business during the interim period, announcing the successful acquisition of Shanghai East International Medical Centre ("SEIMC") and securing a site as the new location and expansion of Daopei hospital in Beijing, strengthening the Group's hospital operation and scale in the process. Growth in the Group's revenue is primarily driven by accretion of revenue from the recently acquired SEIMC since August 2011 in the hospital management business. Hence revenues from the hospital management operations reached HK$62,747,000 during the interim period with 65% increase relative to the segmental revenue from interim period in the previous financial year.

Contribution from China Cord Blood Corporation ("CCBC,"; CO.US), the Group's associate company has also increased as it has continued to report impressive income growth as China's leading umbilical cord blood banking operator contributing HK$29,728,000 to the Group during the interim period.

Shareholders of the previously NASDAQ-listed FunTalk China Holdings Limited ("FunTalk China"), another associate company of the Group, voted in favour for a privatisation proposal in an extraordinary shareholders' meeting on 22 August 2011 at US$7.20 per share, valuing the entire company at approximately US$430 million. Subsequent to the privatisation, the Group disposed 2% of the shares in FunTalk China for US$15 million, realising an unaudited gain of HK$34,653,000.

During the review period, we have continued to actively develop GM-Medicare Management (China) Company Limited ("GM-Medicare"), our medical insurance administration business, building necessary infrastructure and strategic network in China. At the same time, we have also worked on extending our foothold in Taiwan, opening a representative office in Taipei in September 2011, we have also entered into a framework agreement of strategic partnership with Long Bon International Co., Ltd, a leading conglomerate in Taiwan, laying solid foundation for both firms, to better leverage resources and to effectively capitalise on arising business opportunities on both sides of the Taiwan Strait.

HEALTHCARE SERVICES SEGMENT

For the interim period, the hospital management operation reported HK$62,747,000 in sales revenue, including HK$49,759,000 in revenues from the two leading haematology hospitals in Beijing and Shanghai under the Daopei Hospital brand name, and the newly acquired SEIMC, which has contributed HK$12,988,000 in revenue since August 2011.

The Group announced three significant corporate developments on the hospital management front during the interim period. One key announcement is the acquisition of a hospital facility in Beijing's Haidian District for the expansion of Beijing Daopei Hospital for a total consideration of HK$600 million. The new hospital, with a site area spanning across approximately 18,692 square metres with a permissible construction area of 74,035 square metres, is expected to be completed in 2012.

GM Hospital Group Limited ("GM Hospital Group") will own 57.91% of the new hospital upon completion of the acquisition. The new facility has obtained the relevant regulatory approvals for the construction of a 500-beds general hospital, five times the current capacity of 100-beds in the Group's existing Daopei Hospital in Beijing, which will be able to relieve the shortage in bed spaces and cater to patients who are seeking to be admitted based on the hospital's strong reputation. The expansion will both expand the scale of Beijing Daopei Hospital and further strengthen the Group's market presence in the hospital management market.

The Group also reached an agreement to acquire 56% of Shanghai East International Medical Centre ("SEIMC") in June 2011 for a total consideration of US$10 million (equivalent to HK$1.48 per share) in cash and shares. The acquisition of SEIMC will facilitate the Group's penetration into the premium healthcare service provision and enable the Group to leverage on SEIMC's premium clientele, brand equity and strong reputation amongst both Chinese and expatriate communities. This, in turn, will reinforce the Group's presence and elevate its market position in the premium healthcare service segment, creating greater synergies within the Group's different operations, accelerating the development of the Group's hospital management business to be on par with global standards, and strengthening the Group's overall strategic position for long term growth.

Moreover, the Group has also entered into a separate agreement to increase its stake in the hospital management subsidiary, GM Hospital Group, by way of a share swap agreement where the Group issued 131,756,756 new shares to New Horizon Capital III, L.P. ("New Horizon") at HK$1.48 per share in exchange for New Horizon's 15% stake in GM Hospital Group, increasing the Group's shareholding in GM Hospital Group from 60% to 75%. Upon the completion of the transaction, New Horizon has become a key shareholder of the Group with 6.44% stake in the Company.

We are delighted to report that GM-Medicare, our medical insurance administration business has commenced operation during the review period. Though this business is still in the early stage of its launch, we have already received some positive feedback from the market, substantiating our initial strategy in serving as the missing link between multiple stakeholders in the medical insurance market in China. We anticipate considerable development cost which will include improvements to intellectual-property protected IT platform and strengthen training for users to attain a scalable operation and secure a leading position in this niche market.

The healthcare services segment is inclusive of contribution from the Group's associate company China Cord Blood Corporation ("CCBC"), as it continued to post strong performance during the interim period with 20% growth in revenue and 61% growth in net income for the period and contributed HK$29,728,000 to the Group's bottom-line. Given the low market valuation, the Group has increased its stake in CCBC during the preview period and owned 40.9% of CCBC's shares as at 30 September 2011.

Maintaining strong growth in its existing operations in Beijing and Guangdong, CCBC's management has also introduced a new payment schedule earlier this year to promote the one-off settlement in order to enhance operating cashflow position and its financial performance, while continuing installment payment options. CCBC's performance has exceeded our expectations as customers are more receptive to the new payment structure than anticipated. The impending launch of Zhejiang cord blood bank will further advance the revenue base of the cord blood bank operation in the future.

A segmental financial breakdown of the Group's healthcare services segment (currently consists of revenue from the hospital management business, medical insurance administration business and China Cord Blood Corporation) is as follows:

HK$	6 months ended 30 September 2011	6 months ended 30 September 2010
Revenues		
Hospital Management Business	**62,747,000**	38,048,000
Medical Insurance Administration Business	**379,000**	—
Total	**63,126,000**	38,048,000
Operating expenses	**36,283,000**	24,190,000
Profit before interest and taxation	**10,087,000**	8,773,000
Profit after taxation	**2,184,000**	3,213,000
Share of profits from an associate - CCBC	**29,728,000**	21,643,000

MEDICAL DEVICES SEGMENT

Revenue from the Group's medical devices segment amounted to HK$131,894,000 in sales revenue, representing 6% increase relative to the previous corresponding period, accounting for 63% of the Group's total revenue. Medical devices maintained satisfactory growth while revenue from consumable reported excellent growth due to significant increase in the clinical utilisation rate of devices.

We believe medical devices are set to become a key growth driver for the Group as the implementation of the "Regulation Governing Hospital Standard Accreditation and Administration" (《綜合醫院評析標準》) by the Ministry of Health will enable greater adoption for our autologous blood recovery system (the "ABRS").

A segmental financial breakdown for the Group's medical devices business (currently consists of revenues from medical devices manufacturing and sales and contributions from China National Medical Device Industry Corporation ("CMIC")) is as follows:

HK$	6 months ended 30 September 2011	6 months ended 30 September 2010
Revenues		
Medical Devices	**81,900,000**	80,322,000
Medical Accessories	**49,994,000**	44,437,000
Total	**131,894,000**	124,759,000
Operating expenses	**8,746,000**	6,076,000
Profit before interest and taxation	**73,947,000**	74,652,000
Profit after taxation	**61,644,000**	45,248,000
Share of profits from an associate – CMIC	**2,272,000**	2,264,000

STRATEGIC INVESTMENTS

The Group announced the disposal of 2.0% interest in FunTalk China, the Group's associate, for US$15 million in September 2011. Upon completion of the transaction, the Group's effective interest in FunTalk China has reduced to 19.8%. The Group realised an unaudited gain of approximately HK$34,653,000. FunTalk China has contributed HK$40,094,000 for the first six months compared to HK$38,040,000 the year before, increased slightly by 5%, despite the dilution impact of the equity holdings.

The Management considers the disposal a timely opportunity to enhance the liquidity and resources for the Group, while the proceeds will be used as general working capital and for business development of our burgeoning healthcare services portfolio.

The Group completed the acquisition of all outstanding stakes in the Chinese herbal medicine business with the sole intention of owning the sizable piece of land in Shanghai. The land is located in Shanghai and will fetch the good value once the property market in China stabilises.

A financial breakdown of the Group's strategic investments is as follows:

HK$	6 months ended 30 September 2011	6 months ended 30 September 2010
Revenues		
Chinese Herbal Medicine Business	**15,862,000**	—
Operating expenses	**30,884,000**	—
Loss before interest and taxation	**(16,530,000)**	—
Loss after taxation	**(13,560,000)**	—
Share of Profits from an associate - FunTalk China	**40,094,000**	38,040,000

GROUP'S STRATEGY AND OUTLOOK

Several key events took place during the interim period, including the acquisition of Shanghai East International Medical Centre, serving mostly the premium healthcare services market and the expansion of Daopei Hospital in Beijing. These events are expected to set the tone to take the Group's healthcare services segment to the next level, which is increasingly becoming a formidable name in the hospital management market in China.

Having established itself in China's healthcare industry in over a decade, the Group's strong brand names, specifically Beijing Jingjing Medical Equipment Co., Ltd. in the medical devices and Daopei Hospital, has allowed the Group to secure a home court advantage in their respective market segments. Meanwhile our associate, China Cord Blood Corporation, has been growing strength-to-strength in both revenues and profitability and the management foresee continuous strong contributions to the Group. The Group will consider further disposal of our strategic investments to focus more on the core healthcare service operations.

As our current strategies denotes, the management envisages the healthcare services segment will increasingly become a key business focus for the Group, taking both its brand presence and corporate resources structure to the next level. The healthcare services segment such as our hospital and related services as well as medical insurance administration business, GM-Medicare, will directly benefit from China's growing and increasingly affluent middleclass, which has been a strong driving force behind the impressive growth in the industry, demanding better quality of care as well as newer products and services. The Group is expecting to substantially invest into building up this business, which will likely become a leading contributor to the Group as positive impact from the medical reform will be even more pronounced as we achieve a scalable operation. Hence the Group is confident that the ongoing medical reform in China will continuously create more business opportunities in the healthcare sector while at the same time, the Group is in an excellent position to capitalise on these emerging opportunities on the back of its competitive advantages on an integrated business platform with distinctive synergies among all operations which, in return, will conceive promising return for our shareholders in the long run.

GROUP FINANCIAL REVIEW

The Group reported satisfactory growth in revenue for the six months ended 30 September 2011 at HK$210,882,000 representing an increase of 30% from the previous interim period. Healthcare Services Segment accounted for 30% of total turnover compared to 23% in the previous reporting period and reflective of segmental growth with the inclusion of revenue from the newly acquired Shanghai East International Medical Centre. The Medical Devices Segment remained the largest source of revenue that is equivalent to 63% of the Group's total turnover with 6% growth in revenue mostly attributable to medical devices accessory sales which accounted for 38% of revenue for Medical Devices segment.

Gross Margin

The Group's reported gross profit margins remained relatively stable compared to the previous interim period. For the Medical Devices Segment, gross profit margin was 63% the current reporting period as compared to 65% for the same period last year. For the Healthcare Service Segment, gross profit margin was 73% the current reporting period as compared to 87% for the same period last year.

Selling and Administrative Expenses

Selling and administrative expenses incurred for the interim period amounted to HK$96,974,000, up 56% compared to HK$62,039,000 for the previous corresponding period last year, largely for business development initiatives especially for the hospital management business and GM-Medicare as well as the newly acquired Chinese herbal medicine business. The management's objective is to rigorously monitor expenses in order to maintain costs at a reasonable level from a long term perspective.

Changes in Fair Value of Financial Liabilities at Fair Value through Profit or Loss

Due to the volatility in the capital market, the Group recognised a net non-cash loss of HK$12,306,000 for the reporting period.

Other Net (Loss)/Income

During the reporting period, the Group recorded other net loss of HK$29,220,000 compared to the gain of HK$51,974,000 for the previous corresponding period, mainly in the form of unrealised loss in listed securities as a result of a decline in the global capital markets.

Finance Costs

Finance costs amounted to HK$3,770,000 compared to HK$6,837,000 for the previous interim period which is 45% lower than the previous reporting period.

Income Tax

The Group's effective tax rate is 14% while total income tax expense was HK$13,809,000, a 57% decrease from the previous interim period.

Profit Attributable to Equity Shareholders

The Group's profit attributable to equity shareholders of the Company amounted to HK$76,645,000. Excluding the non-cash and non-operating items associated with the volatility in the capital market, adjusted profit attributable to shareholders would be HK$83,518,000, 7% increase compared to the same period last year.

Current Assets and Total Assets

As of 30 September 2011, the Group's total current assets and total assets were HK$1,333,318,000 and HK$6,312,903,000 (31 March 2011: HK$1,148,448,000 and HK$6,040,692,000), respectively.

Liquidity and Financial Resources

As of 30 September 2011, the Group's cash and bank deposits amounted to HK$853,659,000 (31 March 2011: HK$770,591,000); total interest bearing debts stood at HK$693,678,000 (31 March 2011: HK$666,833,000) and share repurchase obligations amounted to HK$532,002,000 (31 March 2011: HK$511,791,000).

Debt Ratio

On the basis of total interest bearing debts divided by total equity, the Group's debt ratio has declined slightly to 15.5% as of 30 September 2011. From a long-term perspective, the management is committed to maintain an optimal equity debt ratio and a stable debt ratio, in order to achieve maximum capital efficiency.

Credit and Capital Policies

The Group adopts a relatively prudent approach in treasury policies, through continuous assessment of customers' financial status to minimise credit risk. The management closely monitors its cash flow status to mitigate liquidity risk to ensure the Group's capital structure should meet its cash flow requirements.

Employees

Excluding associates and jointly controlled entitles, the Group and its subsidiaries have employed 655 full-time staff in Hong Kong and in the Mainland. During the review period, total staff costs (including directors' remuneration and the Mandatory Provident Fund) amounted to HK$44,417,000.

Details of the Group's Pledged Assets

The Group has pledged assets with net book value of HK$106,211,000 as collateral for a bank loan as of 30 September 2011.

Consolidated Income Statement

for the six months ended 30 September 2011 - unaudited
(Expressed in Hong Kong dollars)

	Note	Six months ended 30 September	
		2011	2010
		$'000	$'000
Turnover	4	**210,882**	162,807
Cost of sales		**(88,319)**	(62,698)
Gross profit		**122,563**	100,109
Other revenue	5	**11,193**	21,604
Other net (loss)/income	6	**(29,220)**	51,974
Selling expenses		**(18,175)**	(2,698)
Administrative expenses		**(78,799)**	(59,341)
Profit from operations		**7,562**	111,648
Finance costs	7(a)	**(3,770)**	(6,837)
Share of profits less losses of associates		**72,095**	35,115
Share of profits of jointly controlled entities		**—**	17,515
Changes in fair value of financial liabilities at fair value through profit or loss	19	**(12,306)**	35,746
Gain on disposal of partial interests in an associate		**34,653**	—
Profit before taxation	7	**98,234**	193,187
Income tax	8(a)	**(13,809)**	(31,910)
Profit for the period		**84,425**	161,277

Consolidated Income Statement

for the six months ended 30 September 2011 - unaudited
(Expressed in Hong Kong dollars)

	Note	Six months ended 30 September	
		2011	2010
		$'000	$'000
Attributable to:			
Shareholders of the Company		**76,645**	165,574
Non-controlling interests		**7,780**	(4,297)
Profit for the period		**84,425**	161,277
Earnings per share	10		
Basic (in cents)		**3.93**	9.83
Diluted (in cents)		**3.00**	7.20

The notes on pages 19 to 39 form part of this interim financial report.

Consolidated Statement of Comprehensive Income

for the six months ended 30 September 2011 - unaudited
(Expressed in Hong Kong dollars)

	Six months ended 30 September	
	2011	2010
	$'000	$'000
Profit for the period	**84,425**	161,277
Other comprehensive income for the period (after tax and reclassification adjustments)		
Exchange differences on translation of financial statements of companies outside of Hong Kong	**75,490**	43,514
Changes in fair value of available-for-sale equity securities recognised during the period	**1,325**	—
Reclassification adjustments for amounts transferred to profit or loss upon disposal of available-for-sale equity securities	**(1,191)**	—
Share of other comprehensive income of jointly controlled entities, net of nil tax	**—**	6,098
Share of other comprehensive income of associates, net of nil tax	**10,139**	15,106
Other comprehensive income for the period	**85,763**	64,718
Total comprehensive income for the period	**170,188**	225,995
Attributable to:		
Shareholders of the Company	**154,636**	224,275
Non-controlling interests	**15,552**	1,720
Total comprehensive income for the period	**170,188**	225,995

The notes on pages 19 to 39 form part of this interim financial report.

Consolidated Statement of Financial Position

at 30 September 2011 - unaudited
(Expressed in Hong Kong dollars)

	Note	At 30 September 2011		At 31 March 2011	
		$'000	**$'000**	$'000	$'000
Non-current assets					
Fixed assets	11				
– Property, plant and equipment			**311,145**		304,165
– Interests in leasehold land held for own use under operating leases			**711,463**		704,876
			1,022,608		1,009,041
Intangible assets			**836,400**		829,534
Goodwill			**496,084**		447,026
Interests in associates			**1,507,998**		1,426,441
Interests in jointly controlled entities			**—**		61,096
Available-for-sale equity securities			**153,037**		146,409
Prepayments and deposits	12		**955,419**		963,768
Deferred tax assets			**8,039**		8,929
			4,979,585		4,892,244
Current assets					
Other investments		**139,116**		170,143	
Inventories	13	**27,584**		17,565	
Trade receivables	14	**250,148**		164,514	
Other receivables, deposits and prepayments		**62,811**		25,635	
Cash and bank balances	15	**853,659**		770,591	
		1,333,318		1,148,448	
Current liabilities					
Trade payables	16	**117,845**		118,584	
Other payables and accruals		**76,456**		48,855	
Bank loans and overdrafts	17	**355,525**		118,863	
Obligations under a finance lease	18	**1,927**		1,809	
Share repurchase obligations	20	**532,002**		—	
Current taxation		**44,961**		34,420	
		1,128,716		322,531	

Consolidated Statement of Financial Position

at 30 September 2011 - unaudited
(Expressed in Hong Kong dollars)

	Note	At 30 September 2011		At 31 March 2011	
		$'000	**$'000**	$'000	$'000
Net current assets			**204,602**		825,917
Total assets less current liabilities			**5,184,187**		5,718,161
Non-current liabilities					
Deferred tax liabilities		**378,535**		389,380	
Financial liabilities at fair value through profit or loss	19	**333,645**		322,578	
Bank loans	17	**—**		233,428	
Obligations under a finance lease	18	**3,257**		4,232	
Share repurchase obligations	20	**—**		511,791	
Other non-current liabilities		**408**		398	
			715,845		1,461,807
NET ASSETS			**4,468,342**		4,256,354
CAPITAL AND RESERVES					
Share capital	21(a)		**204,714**		188,903
Reserves			**3,885,161**		3,624,555
Total equity attributable to shareholders of the Company			**4,089,875**		3,813,458
Non-controlling interests			**378,467**		442,896
TOTAL EQUITY			**4,468,342**		4,256,354

The notes on pages 19 to 39 form part of this interim financial report.

Consolidated Statement of Changes in Equity

for the six months ended 30 September 2011 - unaudited
(Expressed in Hong Kong dollars)

	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 reserves $'000	Retained profits $'000	Total $'000	Non-controlling interests $'000	Total equity $'000
Balance at 1 April 2011	**188,903**	**1,441,870**	**5,868**	**30,172**	**54,193**	**339,621**	**93,647**	**8,513**	**(388,661)**	**2,039,332**	**3,813,458**	**442,896**	**4,256,354**
Issuance of shares for acquisition of non-controlling interests in a subsidiary	**13,176**	**158,084**	**—**	**—**	**—**	**1,371**	**1,300**	**—**	**(66,172)**	**—**	**107,759**	**(107,759)**	**—**
Issuance of shares for acquisition of a subsidiary	**2,635**	**31,598**	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**34,233**	**27,778**	**62,011**
Change in carrying amount of share repurchase obligations	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**(20,211)**	**—**	**(20,211)**	**—**	**(20,211)**
Total comprehensive income for the period	**—**	**—**	**—**	**—**	**—**	**82,951**	**—**	**(4,960)**	**—**	**76,645**	**154,636**	**15,552**	**170,188**
Balance at 30 September 2011	**204,714**	**1,631,552**	**5,868**	**30,172**	**54,193**	**423,943**	**94,947**	**3,553**	**(475,044)**	**2,115,977**	**4,089,875**	**378,467**	**4,468,342**
Balance at 1 April 2010	162,765	1,085,774	5,868	37,150	54,193	222,722	90,254	13,535	(71,661)	1,707,660	3,308,260	266,792	3,575,052
Equity-settled share-based payment expenses	—	—	—	820	—	—	—	—	—	—	820	—	820
Issuance of shares upon conversion of convertible notes	6,371	89,852	—	—	—	—	—	—	—	—	96,223	—	96,223
Issuance of shares upon exercise of share options	1,500	22,370	—	(6,622)	—	—	—	—	—	—	17,248	—	17,248
Contributions from non-controlling interests	—	—	—	—	—	—	—	—	—	—	—	33,430	33,430
Share of other reserve of jointly controlled entities	—	—	—	—	—	—	—	—	16,118	—	16,118	—	16,118
Share of other reserve of associates	—	—	—	—	—	—	—	—	(7,254)	—	(7,254)	—	(7,254)
Disposal of partial interests in a subsidiary	—	—	—	—	—	—	—	—	(314,696)	—	(314,696)	109,835	(204,861)
Total comprehensive income for the period	—	—	—	—	—	63,391	—	(4,690)	—	165,574	224,275	1,720	225,995
Balance at 30 September 2010	170,636	1,197,996	5,868	31,348	54,193	286,113	90,254	8,845	(377,493)	1,873,234	3,340,994	411,777	3,752,771

The notes on pages 19 to 39 form part of this interim financial report.

Condensed Consolidated Cash Flow Statement

for the six months ended 30 September 2011 - unaudited
(Expressed in Hong Kong dollars)

	Six months ended 30 September	
	2011	2010
	$'000	$'000
Net cash (used in)/generated from operating activities	**(66,979)**	14,109
Net cash generated from/(used in) in investing activities	**138,139**	(297,903)
Net cash (used in)/generated from financing activities	**(5,632)**	188,006
Net increase/(decrease) in cash and cash equivalents	**65,528**	(95,788)
Cash and cash equivalents at 1 April	**770,591**	826,157
Effect of foreign exchange rate changes	**17,540**	16,074
Cash and cash equivalents at 30 September	**853,659**	746,443

The notes on pages 19 to 39 form part of this interim financial report.

1 BASIS OF PREPARATION

This interim financial report has been prepared in accordance with the applicable disclosure provisions of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited ("the Stock Exchange"), including compliance with Hong Kong Accounting Standard ("HKAS") 34, *Interim financial reporting*, issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"). It was authorised for issue on 30 November 2011.

This interim financial report has been prepared in accordance with the same accounting policies adopted in the 2010/2011 annual financial statements, except for the accounting policy changes that are expected to be reflected in the 2011/2012 annual financial statements. Details of these changes in accounting policies are set out in note 2.

The preparation of an interim financial report in conformity with HKAS 34 requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses on a year to date basis. Actual results may differ from these estimates.

This interim financial report contains condensed consolidated financial statements and selected explanatory notes. The notes include an explanation of events and transactions that are significant to an understanding of the changes in financial position and performance of the Group since the 2010/2011 annual financial statements. The condensed consolidated interim financial statements and notes thereto do not include all of the information required for a full set of financial statements prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRSs").

The financial information relating to the financial year ended 31 March 2011 that is included in the interim financial report as being previously reported information does not constitute the Company's statutory financial statements for that financial year but is derived from those financial statements. Statutory financial statements for the year ended 31 March 2011 are available from the Stock Exchange's website. The auditors have expressed an unqualified opinion on those financial statements in their report dated 30 June 2011.

2 CHANGES IN ACCOUNTING POLICIES

The HKICPA has issued a number of amendments to HKFRSs and one new Interpretation that are first effective for the current accounting period of the Group. Of these, the following developments are relevant to the Group's financial statements:

— Revised HKAS 24, *Related party disclosures*

— Improvements to HKFRSs (2010)

The Group has not applied any new standard or interpretation that is not yet effective for the current accounting period.

The above developments related primarily to clarification of certain disclosure requirements applicable to the Group's financial statements. These developments have had no material impact on the contents of this interim financial report.

3 SEGMENT REPORTING

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

(i) Medical Devices segment: the development, manufacture and sale of medical devices including medical devices and medical accessories.

(ii) Hospital Management segment: the provision of management services to hospitals in the People's Republic of China ("PRC").

(iii) Medical Insurance Administration segment: the provision of medical insurance administration services to the general public in the PRC.

(iv) Chinese Herbal Medicine segment: the research and development and the manufacture and sale of Chinese herbal medicines.

3 SEGMENT REPORTING *(Continued)*

(a) Segment results

For the purposes of assessing segment performance and allocating resources among segments, the Group's senior executive management monitors the results attributable to each reportable segment on the following bases:

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

The measure used for reporting segment profit is profit from operations.

Information regarding the Group's reportable segments as provided to the Group's most senior executive management for the purposes of resources allocation and assessment of segment performance for the periods are set out below:

	Reporting segments									
	Medical Devices		Hospital Management		Medical Insurance Administration		Chinese Herbal Medicine		Total	
	2011	2010	**2011**	2010	**2011**	2010	**2011**	2010	**2011**	2010
	$'000	$'000	**$'000**	$'000	**$'000**	$'000	**$'000**	$'000	**$'000**	$'000
For the six months ended 30 September										
Revenue from external customers	**131,894**	124,759	**62,747**	38,048	**379**	—	**15,862**	—	**210,882**	162,807
Reportable segment profit/(loss)	**73,947**	74,652	**25,101**	17,972	**(15,014)**	(9,199)	**(16,530)**	—	**67,504**	83,425

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

3 SEGMENT REPORTING *(Continued)*

(b) Reconciliations of reportable segment revenues and profit or loss

Segment revenue

The total amount of reportable segment revenues is equal to the consolidated turnover for the periods ended 30 September 2011 and 2010.

Segment profit or loss

	Total	
	Six months ended 30 September	
	2011	2010
	$'000	$'000
Reportable segment profit	**67,504**	83,425
Finance costs	**(3,770)**	(6,837)
Changes in fair value of financial liabilities at fair value through profit or loss	**(12,306)**	35,746
Share of profits less losses of associates	**72,095**	35,115
Share of profits of jointly controlled entities	**—**	17,515
Gain on disposal of partial interests in an associate	**34,653**	—
Unallocated head office and corporate (expenses)/income	**(59,942)**	28,223
Consolidated profit before taxation	**98,234**	193,187

4 TURNOVER

The Company acts as an investment holding company and the Group is principally engaged in the manufacture and sale of medical devices and related accessories, the provision of hospital management services, the provision of medical insurance administration service and the research and development and the manufacturing and sale of Chinese herbal medicines.

Turnover represents the amounts received and receivable for goods sold, less returns, allowances, VAT and other sales tax and income from hospital management and medical insurance administration services rendered to customers, less business tax.

Turnover recognised during the period is analysed as follows:

	Six months ended 30 September	
	2011	2010
	$'000	$'000
Sales of medical devices	**81,900**	80,322
Sales of medical accessories	**49,994**	44,437
Hospital management service income	**62,747**	38,048
Medical insurance administration service income	**379**	—
Sales of Chinese herbal medicines	**15,862**	—
	210,882	162,807

5 OTHER REVENUE

	Six months ended 30 September	
	2011	2010
	$'000	$'000
Interest income on financial assets not at fair value through profit or loss	**2,223**	12,764
VAT refunds	**6,832**	7,427
Dividend income from listed securities	**1,433**	1,240
Sundry income	**705**	173
	11,193	21,604

6 OTHER NET (LOSS)/INCOME

	Six months ended 30 September	
	2011	2010
	$'000	$'000
Exchange (loss)/gain	**(97)**	12,713
Net gain on disposal of property, plant and equipment	**—**	18
Net realised and unrealised (loss)/gain on financial assets at fair value through profit or loss	**(30,314)**	43,460
Available-for-sale equity securities: transfer from equity on disposal	**1,191**	—
Impairment loss on available-for-sale equity securities	**—**	(3,411)
Others	**—**	(806)
	(29,220)	51,974

7 PROFIT BEFORE TAXATION

Profit before taxation is arrived at after charging:

	Six months ended 30 September	
	2011	2010
	$'000	$'000
(a) Finance costs		
Interest on bank loans wholly repayable within five years	**3,427**	3,055
Other borrowing costs	**234**	3,718
Finance charges on obligations under finance leases	**109**	64
	3,770	6,837
(b) Staff costs		
Salaries, wages and other benefits	**42,029**	26,553
Contributions to defined contribution retirement plans	**2,388**	873
Equity settled share-based payment expenses	**—**	820
	44,417	28,246

7 PROFIT BEFORE TAXATION *(Continued)*

	Six months ended 30 September	
	2011	2010
	$'000	$'000
(c) Other items		
Depreciation of property, plant and equipment	**18,035**	11,847
Amortisation of land lease premium	**12,101**	51
Amortisation of intangible assets	**14,912**	13,581
Research and development costs	**3,817**	3,171
Operating lease charges: minimum lease payments		
– hire of properties	**13,670**	8,839
– hire of other assets	**10**	14

8 INCOME TAX

(a) Income Tax in the Consolidated Income Statement

Income Tax in the consolidated income statement represents:

	Six months ended 30 September	
	2011	2010
	$'000	$'000
Current tax - PRC income tax	**20,507**	18,974
Deferred taxation	**(6,698)**	12,936
	13,809	31,910

(b) PRC Income Tax

Taxation for PRC subsidiaries is calculated using the estimated annual effective rates of taxation that are expected to be applicable in the PRC.

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

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%.

8 INCOME TAX *(Continued)*

(b) PRC Income Tax (Continued)

Current taxation for Beijing Jingjing Medical Equipment Co., Ltd ("Jingjing"), a subsidiary of the Group for the reporting period has been accrued based on a tax rate of 24%, which is the applicable transitional tax rate for enterprises previously designated as high and new technology enterprises. From 1 January 2012 onwards, the applicable income tax rate for Jingjing will be 25%.

The rest of the Group's subsidiaries in the PRC are subject to the standard PRC income tax rate of 25%.

(c) Hong Kong Profits Tax

No provision for Hong Kong Profits Tax has been made for the periods ended 30 September 2011 and 2010 as the Group did not have any profits assessable to Hong Kong Profits Tax during the current and prior periods.

(d) Cayman Islands Tax

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

9 ACQUISITIONS AND DISPOSALS

(a) Privatisation of an associate and disposal of certain interests

On 25 March 2011, the Group and other major shareholders of Funtalk China Holdings Limited ("FunTalk China") (all together referred to as the "Major Sharesholders") set up a special purpose vehicle, Fortress Group Limited ("Fortress") and made a proposal to acquire all the outstanding ordinary shares of FunTalk China not already owned by the Major Shareholders in a "going-private" transaction, resulting in the shares of FunTalk China to be delisted from NASDAQ (the "Privatisation"). On 22 August 2011, the shareholders of FunTalk China voted in favour of the resolution on the Privatisation at the price of US$7.2 per share of FunTalk China. Upon completion of the Privatisation, FunTalk China became a wholly-owned subsidiary of Fortress. On 20 September 2011, the Group sold 303 ordinary shares of Fortress for a cash consideration of US$15,000,000 (equivalent to $117,000,000). Immediately after the disposal, the Group's equity interest in Fortress was reduced from approximately 21.8% to approximately 19.8%, realising a profit of $34,653,000 from the disposal.

(b) Acquistion of non-controlling interests in a subsidiary

On 28 June 2011, the Group entered into an agreement for the acquisition of 15,000 shares in GM Hospital Group Limited ("GMHG"), representing an additional 15% equity interest in the 60% owned subsidiary, from a non-controlling shareholder of GMHG. GMHG is the holding company of the Group's Hospital Management segment. Pursuant to the agreement, the Company issued 131,756,756 ordinary shares of $0.1 each of the Company to satisfy for the consideration. In connection with the acquisition, the holders of the convertible notes issued by GMHG have agreed to a revision of certain terms and conditions of the convertible notes issued by GMHG which includes changing the initial exercise price of the conversion rights from US$1,778.10 to US$1,673.00 per share. The shares issued are subject to a 9-month lock-up and the lock-up will expire on 18 April 2012.

9 ACQUISITIONS AND DISPOSALS *(Continued)*

(c) Acquisition of a 100% equity interest in U.S. Healthcare Management Enterprise, Inc.

On 28 June 2011, the Group entered into agreements for the acquisition of a 100% equity interest in U.S. Healthcare Management Enterprises, Inc. ("USHME"). The Group paid US$5,000,000 (equivalent to $39,000,000) in cash and issued 26,351,351 shares of $0.1 each of the Company to satisfy for the consideration. As at the date of entering into agreements, USHME held a 56% equity interest in Shanghai East International Medical Centre ("SEIMC"), which is engaged in hospital operations in Shanghai, the PRC. The acquisition was completed in July 2011. The shares issued are subject to a 9-month lock-up and the lock-up will expire on 26 April 2012.

(d) Acquisition of subsidiaries

On 28 June 2011, the Group entered into an agreement for the acquisition of a 70% equity interest in Beijing Guohua Jiedi Hospital Management Co., Ltd. which holds a 82.73% equity interest in Beijing Qinghe Hospital Co., Limited("BQHC"). BQHC posseses certain properties under construction for hospital operations in Beijing, the PRC. Total consideration for the acquisition was $600,000,000, and the Group has placed the full refundable consideration with the vendor. The completion of the acquisition is subject to the approval from the relevant authorities. The acquisition has not yet been completed up to the date of this interim report.

(e) Disposal of partial interests in a subsidiary

On 27 August 2010, the Company sold a 23.9% equity interest in a then wholly-owned subsidiary, China Bright Group Company Limited ("China Bright") to certain investors, at a consideration of $7.94 per share. In connection with the sale of shares, the Company wrote a put option ("Put option") and a compensation option ("Compensation option") to the investors. The Put option gives the investors the right to require the Company to re-acquire the sold shares of China Bright at $15.88 per share if a separate listing of the shares of China Bright on the Main Board of the Hong Kong Stock Exchange, NASDAQ or the New York Stock Exchange with a market capitalisation of US$280,000,000 (equivalent to $2,184,000,000) is not completed within two years from 27 August 2010. The Compensation option gives the investors the right to require the Company to pay compensation to the investors determined by any shortfall between a guaranteed market capitalisation of US$280,000,000 (equivalent to $2,184,000,000) and the actual market capitalisation of China Bright after the initial public offering of its shares should such an offering take place within two years from 27 August 2010. The investors can either exercise the Put option or the Compensation option but not both. As the terms of the Put option are more favourable to investors than those of the Compensation option, the value of the Compensation option is estimated to be nil. The Put option is recognised as an obligation of the Group to purchase own equity, and is presented as share repurchase obligations in the consolidated statement of financial position.

The excess of the sum of (i) the carrying amount of the Put option recognised as part of the transaction and (ii) the share of net assets of China Bright disposed of, over the consideration for the disposal of the partial interests in China Bright of $314,696,000 has been debited to other reserves with equity. No gain or loss on partial disposal is recognised in profit or loss since the Company retained control over China Bright after the transaction.

10 EARNINGS PER SHARE

(a) Basic earnings per share

The calculation of basic earnings per share is based on the consolidated profit attributable to shareholders of the Company of $76,645,000 (2010: $165,574,000) divided by the weighted average number of 1,951,090,000 (2010: 1,684,747,000) ordinary shares in issue during the interim period, calculated as follows:

Weighted average number of ordinary shares

	Six months ended 30 September	
	2011	2010
	Shares	Shares
	$'000	$'000
Issued ordinary shares at the beginning of the period	**1,889,028**	1,627,651
Effect of issue of shares for acquisition of non-controlling interests in a subsidiary	**52,558**	—
Effect of issue of shares for acquisition of a subsidiary	**9,504**	—
Effect of conversion of convertible notes	**—**	44,227
Effect of exercise of share options	**—**	12,869
Weighted average number of ordinary shares	**1,951,090**	1,684,747
Profit attributable to shareholders of the Company	**76,645**	165,574
Basic earnings per share (HK cents)	**3.93**	9.83

10 EARNINGS PER SHARE *(Continued)*

(b) Diluted earnings per share

The calculation of diluted earnings per share is based on the consolidated profit attributable to shareholders of the Company of $60,642,000 (2010: $127,957,000) and the weighted average number of 2,021,096,000 (2010: 1,776,694,000) ordinary shares in issue during the interim period after adjusting for the effect of all dilutive potential shares, calculated as follows:

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

	Six months ended 30 September	
	2011	2010
	$'000	$'000
From continuing and discontinued operations		
Profit attributable to shareholders of the Company	**76,645**	165,574
Dilutive impact on profit from exercise of conversion options from the holders of convertible notes and warrants issued by the Company	**(16,003)**	(35,746)
Dilutive impact on profit of dilutive potential shares of associates	**—**	(1,871)
Profit attributable to shareholders of the Company (diluted)	**60,642**	127,957

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

	Six months ended 30 September	
	2011	2010
	Shares	Shares
	$'000	$'000
Weighted average number of ordinary shares for the periods ended 30 September	**1,951,090**	1,684,747
Effect of deemed issue of shares under the Company's share option scheme for nil consideration	**3,797**	2,408
Effect of conversion of convertible notes and exercise of warrants	**66,209**	89,539
Weighted average number of ordinary shares (diluted)	**2,021,096**	1,776,694
Diluted earnings per share (HK cents)	**3.00**	7.20

11 FIXED ASSETS

The movements in property, plant and equipment and interest in leasehold land held for own use under operating leases for the six months ended 30 September 2011 and 2010 are analysed as follows:

	Property, plant and equipment $'000	Interests in leasehold land held for own use under operating leases $'000
As at 1 April 2011	304,165	704,876
Exchange adjustments	5,435	18,688
Additions	14,024	—
Disposals	(3)	—
Acquisition of subsidiaries	5,559	—
Depreciation/amortisation charge for the period	(18,035)	(12,101)
As at 30 September 2011	**311,145**	**711,463**
As at 1 April 2010	171,435	4,200
Exchange adjustments	3,179	82
Additions	51,488	—
Depreciation/amortisation charge for the period	(11,847)	(51)
As at 30 September 2010	**214,255**	**4,231**

12 NON-CURRENT PREPAYMENTS AND DEPOSITS

Included in non-current prepayments and deposits of the Group as at 30 September 2011 is earnest monies of $953,019,000 (31 March 2011: $961,368,000) for five potential healthcare related projects. The earnest monies were placed with potential vendors in order for the Group to carry out necessary due diligence on those targets. Those earnest monies are interest-free and refundable at the demand of the Group. The vendors of the projects are independent third parties from each other. The earnest monies include cash consideration paid for the acquisition of a 57.91% equity interest in BQHC (see note 9 (d)). The terms of the proposed acquisitions have not yet been finalised up to the date of this interim financial report.

The remaining non-current prepayments and deposits include deposits for the acquisition of plant and equipment and rental prepayments.

13 INVENTORIES

Inventories in the consolidated statement of financial position comprise:

	At 30 September 2011 $'000	At 31 March 2011 $'000
Raw materials	**8,553**	1,932
Work in progress	**1,016**	2,408
Finished goods	**18,015**	13,225
	27,584	17,565

14 TRADE RECEIVABLES

	At 30 September 2011 $'000	At 31 March 2011 $'000
Trade receivables	**257,661**	171,839
Less: Allowance for doubtful debts	**(7,513)**	(7,325)
	250,148	164,514

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

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

	At 30 September 2011 $'000	At 31 March 2011 $'000
Within six months	**182,454**	100,889
Between seven and twelve months	**31,612**	37,462
Over one year but within two years	**36,082**	26,163
	250,148	164,514

Trade receivables are due within 60 to 180 days from the date of billing.

15 CASH AND BANK BALANCES

Cash and bank balances comprise:

	At 30 September 2011 $'000	At 31 March 2011 $'000
Cash at bank and on hand	**853,659**	770,591
	853,659	770,591

16 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:

	At 30 September 2011 $'000	At 31 March 2011 $'000
Due within three months or on demand	**117,845**	118,584

17 BANK LOANS AND OVERDRAFTS

At the end of the reporting periods, the bank loans were repayable as follows:

	At 30 September 2011 $'000	At 31 March 2011 $'000
Within one year or on demand	**355,525**	118,863
After one year but within two years	**—**	233,428
	355,525	352,291

At the end of the reporting periods, the bank loans were secured as follows:

	At 30 September 2011 $'000	At 31 March 2011 $'000
Unsecured bank overdrafts	**—**	141
Bank loans		
- Secured	**121,862**	118,722
- Unsecured	**233,663**	233,428
	355,525	352,291

18 OBLIGATIONS UNDER A FINANCE LEASE

At the end of the reporting periods, the Group had obligations under a finance lease repayable as follows:

	At 30 September 2011		At 31 March 2011	
	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	**1,927**	**2,107**	1,809	2,019
After one year but within two years	**1,133**	**1,238**	1,623	1,759
After two years but within five years	**2,124**	**2,216**	2,609	2,748
	3,257	**3,454**	4,232	4,507
	5,184	**5,561**	6,041	6,526
Less: Total future interest expenses		**(377)**		(485)
Present value of lease obligations		**5,184**		6,041

19 FINANCIAL LIABILITIES AT FAIR VALUE THROUGH PROFIT OR LOSS

	At 30 September 2011 $'000	At 31 March 2011 $'000
Convertible notes		
- issued by the Company	**55,892**	59,734
- issued by a subsidiary	**277,077**	248,767
	332,969	308,501
Warrants		
- issued by the Company	**676**	14,077
	333,645	322,578

The increase in fair value of the financial liabilities for the period ended 30 September 2011 of $12,306,000 (period ended 30 September 2010: decrease of $35,746,000) have been recognised in profit or loss.

(a) Convertible notes and warrants issued by the Company

On 20 July and 9 September 2009, the Company issued convertible notes with face value of US$10,000,000, equivalent to approximately $78,000,000 (the "July issue") and US$15,200,000, equivalent to approximately $118,560,000 (the "September issue") with maturity dates of 20 July 2014 and 9 September 2014, respectively. The notes bear interest at 3% per annum and are unsecured.

The terms and conditions of the convertible notes are the same except that the noteholders of the July issue had an option to require the Company to issue additional convertible notes up to a further aggregate principal amount of US$1,000,000, equivalent to $7,800,000 at an issue price of 100% of the aggregate principal amount of the relevant convertible notes, exercisable during the period up to 365 dates after 20 July 2009 ("Subscription Option").The option was exercised in full during the period ended 30 September 2010.

The rights of the noteholders to convert the notes into ordinary shares of the Company are as follows:

– Conversion rights are exercisable at any time up to maturity at the noteholders' option.

– If a noteholder exercises his conversion rights, the Company is required to deliver its ordinary shares initially at US$0.1601 per share, subject to adjustments under certain terms and conditions of the convertible notes.

Unless previously redeemed or converted, the convertible notes of the July issue and the September issue will be redeemed at face value on 20 July 2014 and 9 September 2014 respectively.

19 FINANCIAL LIABILITIES AT FAIR VALUE THROUGH PROFIT OR LOSS *(Continued)*

(a) Convertible notes and warrants issued by the Company (Continued)

Upon the closing of the issuance of the convertible notes, the Company has issued, by way of bonus, warrants to the noteholders to subscribe for 19,080,000 and 29,002,000 ordinary shares of $0.1 each of the Company, at an exercise price of US$0.1747 per share, respectively. The warrants are exercisable at any time up to 20 July 2014 and 9 September 2014 respectively at the noteholders' option.

Upon the exercise of the Subscription Option on 14 June 2010, the Company issued additional convertible notes with an aggregate principal amount of US$1,000,000, equivalent to $7,800,000, and has also issued, by way of bonus, warrants to the noteholders to subscribe for 1,908,000 ordinary shares of the Company, on the same terms as aforementioned.

Further details of the convertible notes are set out in the Company's announcements dated 30 April and 24 August 2009.

As at 30 September 2011, convertible notes with a principal amount of US$10,600,000 remained outstanding.

(b) Convertible notes issued by a subsidiary

On 30 October 2009, GMHG issued convertible notes with face value of US$28,000,000 (equivalent to approximately $218,400,000) and a maturity date of 30 October 2014. The notes bear interest at 5% per annum and are secured by the guarantee from the Company.

Pursuant to the supplementary agreement dated 28 June 2011, the revised rights of the noteholders to convert the notes into ordinary shares of GMHG are as follows:

- Conversion rights are exercisable at any time up to maturity at the noteholders' option.
- If a noteholder exercises his conversion rights, GMHG is required to deliver GMHG's ordinary shares at the revised conversion price of US$1,673.00 per GMHG share, subject to adjustments under certain terms and conditions of the convertible notes.

Unless previously redeemed or converted, the convertible notes will be redeemed at face value on 30 October 2014. Further details of the convertible notes are set out in the Company's announcement dated 30 September 2009 and 28 June 2011.

As at 30 September 2011, convertible notes with a principal amount of US$28,000,000 remained outstanding.

20 SHARE REPURCHASE OBLIGATIONS

Share repurchase obligations represent the put option written to non-controlling interests for the repurchase of shares of a subsidiary (see note 9 (e)) and are stated at amortised cost. Up to 30 September 2011, the difference between the carrying amount measured at present value and the amount initially recognised of $43,794,000 (2010:$Nil) has been recognised directly in equity.

21 CAPITAL AND DIVIDENDS

(a) Share capital

	At 30 September 2011		At 31 March 2011	
	No. of shares ('000)	**$'000**	No. of shares ('000)	$'000
Authorised:				
Ordinary shares of 0.1 each	**4,000,000**	**400,000**	4,000,000	400,000
Issued and fully paid:				
At beginning of the period/year	**1,889,028**	**188,903**	1,627,651	162,765
Issued of shares for acquisition of non-controlling interests in a subsidiary (note 1)	**131,757**	**13,176**	—	—
Issue of shares for acquisition of a subsidiary (note 2)	**26,351**	**2,635**	60,000	6,000
Issue of shares upon listing of TDRs (note 3)	**—**	**—**	120,000	12,000
Issue of shares upon conversion of convertible notes (note 4)	**—**	**—**	63,710	6,371
Issue of shares upon exercise of share options (note 5)	**—**	**—**	17,667	1,767
At end of the period/year	**2,047,136**	**204,714**	1,889,028	188,903

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 general meetings of the Company. All ordinary shares rank equally with regard to the Company's residual assets.

Note 1: Issue of shares for acquisition of non-controlling interests on a subsidiary

On 28 June 2011, the Group entered into agreement for the acquisition of an additional 15% equity interest in GMHG. As consideration for the acquisition, the Company issued 131,757,000 ordinary shares to the vendors and this consideration was measured at the market value of the shares of $171,284,000 as of the date of transfer. Accordingly, $13,176,000 was credited to share capital and $158,084,000 was credited to the share premium account.

21 CAPITAL AND DIVIDENDS *(Continued)*

(a) *Share capital* (Continued)

Note 2: Issue of shares for acquisition of a subsidiary

On 28 June 2011, the Group entered into agreement for the acquisition of a 100% equity interest in USHME. As part of the consideration for the acquisition, the Company issued 26,351,000 ordinary shares to the vendors and this consideration was measured at the market value of the shares of $34,257,000 as of the date of transfer. Accordingly, $2,635,000 was credited to share capital and $31,598,000 was credited to the share premium account.

On 9 March 2011, the Company entered into sale and purchase agreements to acquire the remaining equity interests of associates. As consideration of the acquisition, the Company issued 60,000,000 ordinary shares to the vendors and the consideration was measured at the market value of the shares of $82,800,000 as of the date of transfer. Accordingly, $6,000,000 was credited to share capital and $76,800,000 was credited to the share premium account.

Note 3: Issue of shares upon listing of TDRs

During the year ended 31 March 2010, in connection with the listing of TDRs, the Company issued 120,000,000 new ordinary shares of $0.1 each. Total proceeds of $175,110,000, net of share issuance expenses, were raised and $12,000,000 was credited to share capital and the balance of $163,110,000 was credited to the share premium account.

Note 4: Issue of shares upon conversion of convertible notes

During the year ended 31 March 2011, 63,710,000 ordinary shares of $0.1 each were issued upon the conversion of convertible notes. Following the conversion, the share capital and share premium accounts of the Company have been increased by $6,371,000 and $89,939,000 respectively.

Note 5: Issue of shares upon exercise of share options

During the year ended 31 March 2011, 17,667,000 ordinary shares of $0.1 each were issued upon the exercise of share options. Following the exercise, the share capital and share premium accounts of the Company have been increased by $1,767,000 and $26,347,000 respectively.

(b) *Dividends*

The directors do not recommend the payment of a dividend in respect of the period ended 30 September 2011 (year ended 31 March 2011: $Nil).

22 COMMITMENTS

(a) Capital commitments for the acquisition of plant and equipment outstanding at the end of the reporting periods not provided for in the financial reports were as follows:

	At 30 September 2011 $'000	At 31 March 2011 $'000
Contracted for	**173**	5,547

(b) As at the end of the reporting periods, the total future minimum lease payments under non-cancellable operating leases are payable as follows:

	At 30 September 2011 $'000	At 31 March 2011 $'000
Within 1 year	**16,209**	17,967
After 1 year but within 5 years	**24,131**	32,729
	40,340	50,696

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

(c) Other commitments

At 30 September 2011, the Group is committed to contribute a further US$9,022,000 (31 March 2011: US$11,982,000), equivalent to $70,372,000 (31 March 2011: $93,460,000), as further investments in an unlisted private equity fund classified as available-for-sale equity securities.

23 CONTINGENT LIABILITIES

As at 30 September 2011, the Company has guaranteed the obligations of a subsidiary under certain convertible notes with a principal amount of $218,400,000 (31 March 2011: $218,400,000) issued by the subsidiary.

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.

24 MATERIAL RELATED PARTY TRANSACTIONS

During the periods ended 30 September 2011 and 2010, the Group has entered into the following related party transactions:

(i) As at 30 September 2010, the Group has made a loan to an associate carried at amortised cost of $269,716,000. Interest income of $10,830,000 was recognised during the period ended 30 September 2010. Such loan has been derecognised during the year ended 31 March 2011 upon the acquisition of the remaining equity interests in the associate.

(ii) The Group leased certain properties from an associate which was subsequently acquired as a subsidiary on 9 March 2011 under operating leases. The amount of operating lease rental incurred in the period ended 30 September 2010 is $4,394,000.

Disclosure of Interests

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

As at 30 September 2011, 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 the Model Code for Securities Transactions by Directors of Listed Issuers ("the Model Code") contained in the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules") to be notified to the Company and the Stock Exchange were as follows:

(a) The Company

		Long positions 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	389,120,000[(1)]	—	389,120,000	19.01%
	Beneficial owner	—	67,006,245[(2)]	67,006,245	3.27%
Ms. JIN Lu	Beneficial owner	—	3,800,000[(2)]	3,800,000	0.19%
Mr. LU Tian Long	Beneficial owner	—	6,000,000[(2)]	6,000,000	0.29%
Ms. ZHENG Ting	Beneficial owner	—	7,600,000[(2)]	7,600,000	0.37%

Notes:

(1) Mr. KAM Yuen was deemed under the SFO to have an interest in 389,120,000 shares beneficially owned by Bio Garden Inc. ("Bio Garden"), a company incorporated in the British Virgin Islands ("BVI"), as at 30 September 2011 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 CORPORATIONS

(Continued)

(b) China Cord Blood Corporation ("CCBC")

	Number of ordinary shares of US$0.0001 each			
Name of directors	**Capacity and nature of interests**	**Number of ordinary shares of US$0.0001 each**	**Total interests**	**Approximate percentage of the issued share capital of CCBC**
Mr. KAM Yuen	Beneficial owner	357,331	357,331	0.49%
Ms. ZHENG Ting	Beneficial owner	1,071,994	1,071,994	1.46%

Save as disclosed above, as at 30 September 2011, 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 the Model Code contained in the Listing Rules, to be notified to the Company and the Stock Exchange.

SHARE OPTION SCHEMES

The principal terms of the share option schemes of the Company (which have all been terminated) are summarised in note 38(a) to the financial statements as included in the annual report of the Company for the year ended 31 March 2011.

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

Name of directors and employees	Date of grant	Number of underlying shares in respect of which share options were outstanding as at 1 April 2011	Number of underlying shares in respect of which share options were exercised during the period ended 30 September 2011	Number of underlying shares in respect of which share options were outstanding as at 30 September 2011	Exercise price HK$	Market value per share at grant date HK$
Mr. KAM Yuen	30 March 2005[1]	63,206,245	—	63,206,245	1.76	1.56
	27 April 2009[3]	3,800,000	—	3,800,000	1.15	1.14
Ms. JIN Lu	27 April 2009[3]	3,800,000	—	3,800,000	1.15	1.14
Mr. LU Tian Long	4 March 2005[2]	400,000	—	400,000	1.60	1.60
	27 April 2009[3]	5,600,000	—	5,600,000	1.15	1.14
Ms. ZHENG Ting	4 March 2005[2]	2,000,000	—	2,000,000	1.60	1.60
	27 April 2009[3]	5,600,000	—	5,600,000	1.15	1.14
Full-time employees	4 March 2005[2]	11,870,000	—	11,870,000	1.60	1.60
(other than directors)	27 April 2009[3]	26,533,000	—	26,533,000	1.15	1.14
		122,809,245	—	122,809,245		

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

SHARE OPTION SCHEMES *(Continued)*

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) The share options are exercisable as to:

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

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

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

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

(4) Save as disclosed above, no share options granted under the share option schemes of the Company were exercised, cancelled or lapsed during the six months ended 30 September 2011.

DIRECTORS' RIGHT TO ACQUIRE SHARES OR DEBENTURES

Apart from the share option schemes described above, at no time during the period 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 period.

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

As at 30 September 2011, 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 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 shares/ underlying shares	Approximate percentage of the Company's issued share capital
Bio Garden Inc. (1)	Beneficial owner	389,120,000(4)	19.01%
Credit Suisse Trust Limited (2)	Trustee	389,120,000(4)	19.01%
KF Suisse SA (now known as "Fiducia Suisse SA") (3)	Trustee	389,120,000(4)	19.01%
Mr. Daivd Henry Christopher Hill (3)	Interest of controlled corporation	389,120,000(4)	19.01%
Mrs. Rebecca Ann Hill (3)	Interest of children under 18 or spouse	389,120,000(4)	19.01%
Mr. Kent C. McCarthy (5)	Investment manager	448,372,702	21.90%
Jayhawk Private Equity Fund II, L. P. (5)	Investment manager	208,119,098	10.17%

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

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

Name of other persons who have more than 5% interests	Capacity and nature of interest	No. of shares/ underlying shares	Approximate percentage of the Company's issued share capital
Jayhawk Private Equity Fund, L.P. (5)	Investment manager	112,491,789	5.50%
Martin Currie (Holdings) Limited	Interest of controlled corporation	136,040,000	6.65%
Top Strength Holdings Limited (6)	Interest of controlled corporation	131,756,756	6.44%

Notes:

(1) Bio Garden Inc. 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 389,120,000 shares as at 30 September 2011. Gold Rich and Gold View were in turn indirectly wholly-owned by Credit Suisse Trust Limited as trustee of certain discretionary trusts referred to in (1) above. Accordingly, Credit Suisse Trust Limited was deemed, under the SFO, to have an interest in the 389,120,000 shares held by Bio Garden.

(3) The corporate substantial shareholder notice filed by KF Suisse SA indicated that it had a 64% interest in Bio Garden which beneficially owned 389,120,000 shares as at 30 September 2011. KF Suisse SA is a trustee of certain discretionary trusts as referred to in (1) above. Accordingly, KF Suisse SA was deemed, under the SFO, to have an interest in the 389,120,000 shares held by Bio Garden. KF Suisse SA was wholly-owned by Mr. David Henry Christopher Hill. Mr. David Henry Christopher Hill and Mrs. Rebecca Ann Hill (being the spouse of Mr. David Henry Christopher Hill) was deemed, under the SFO, to have an interest in the 389,120,000 shares held by KF Suisse SA.

(4) These interests represented the same block of shares.

(5) The corporate substantial shareholder notices filed by Jayhawk Private Equity Fund, L.P. and Jayhawk Private Equity Fund II, L.P. indicated that Mr. Kent C. McCarthy was a controller who held a 100% interest in both entities. Accordingly, Mr. Kent C. McCarthy would be deemed, under the SFO, to have an interest in the shares held by Jayhawk Private Equity Fund, L.P. and Jayhawk Private Equity Fund II, L.P. respectively.

(6) Top Strength is an investment holding company incorporated in the BVI. It was wholly-owned by New Horizon Capital III, L.P., a private equity fund specialised in project investments in China.

Save as disclosed above, as at 30 September 2011, the directors of the Company 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.

Corporate Governance and Other Information

REPORT ON CORPORATE GOVERNANCE

Throughout the six months ended 30 September 2011, the Company has complied with the code provisions of the Code on Corporate Governance Practices as set out in Appendix 14 of the Listing Rules, except for A.2.1. The following summarises the requirements under the relevant code provision and the Company's reasons for such deviation:

Code Provision A.2.1

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 of directors of the Company (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 judgment, 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 in 2001. He has substantial experience in the medical healthcare industry. The Board and management are of the view that the assumption of those positions by Mr. Kam is beneficial to the business development of the Group.

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

During the six months ended 30 September 2011, neither the Company nor any of its subsidiaries purchased, redeemed or sold any of the Company's listed securities.

SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the model code for securities transactions by directors of listed issuers as set out in Appendix 10 to the Listing Rules as its own code of conduct regarding Directors' securities transactions. Having made specific enquiries of all Directors, all Directors confirmed that they have complied with, or they were not aware of any non-compliance with the required standards of dealings during the six months ended 30 September 2011.

COMPETITION AND CONFLICT OF INTERESTS

None of the Directors 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 conflicts of interest with the Group.

AUDIT COMMITTEE

The Company has established an audit committee with written terms of reference. The primary duties of the audit committee are to review the Company's annual report and interim report, the Group's financial control, internal control and risk management systems and to provide advice and comments thereon to the Board.

The audit committee comprises three independent non-executive Directors, namely Prof. CAO Gang (chairman of the audit committee), Mr. GAO Zong Ze and Prof. GU Qiao.

The audit committee, together with the management team of the Company, has reviewed the accounting principles and practices adopted by the Group and discussed accounting issues, internal control and financial reporting matters with the Directors, including a review of the unaudited interim report for the six months ended 30 September 2011.

By order of the Board
KAM Yuen
CHAIRMAN

HONG KONG, 30 November 2011

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
Clifton House
75 Fort Street, George Town
Grand Cayman, Cayman Islands
British West Indies

Head Office and Principal Place of Business in the PRC

No. 11 Wan Yuan Street
Beijing Economic Technological Development Area
Beijing, 100176 China

Principal Place of Business in Hong Kong

48/F, Bank of China Tower
1 Garden Road
Central
Hong Kong

Place of Listing and Stock Code

The Stock Exchange of Hong Kong Limited
Stock Code: 801

Taiwan Stock Exchange Corporation
Taiwan depositary receipts code: 910801

Qualified Accountant and Company Secretary

Mr. KONG Kam Yu, ACA, AHKSA

Compliance Officer

Mr. KAM Yuen

Audit Committee Members

Prof. CAO Gang *(Chairman)*
Mr. 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
Minter Ellison Lawyers

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
CITIC Bank International Limited
Bank of China (Hong Kong) Limited
Bank Julius Baer & Co. Ltd.

Investor Relations Officer

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