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 2012/2013

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 healthcare 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.

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 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 Center ("SEIMC"), a renowned hospital serving high-end Chinese and foreign expatriates in Shanghai.

GM-Medicare Management (China) Company Limited is the first medical insurance administration, Third – Party Administration ("TPA") service provider in China, connecting medical insurance companies, hospitals, and end-users by providing claim processing and bill settlement services.

This segment 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 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 American Association of Blood Banks ("AABB") accredited Cordlife Group Ltd. (P8A.SGX), Southeast Asia's largest cord blood bank operator and Cordlife Limited (CBB.AX).

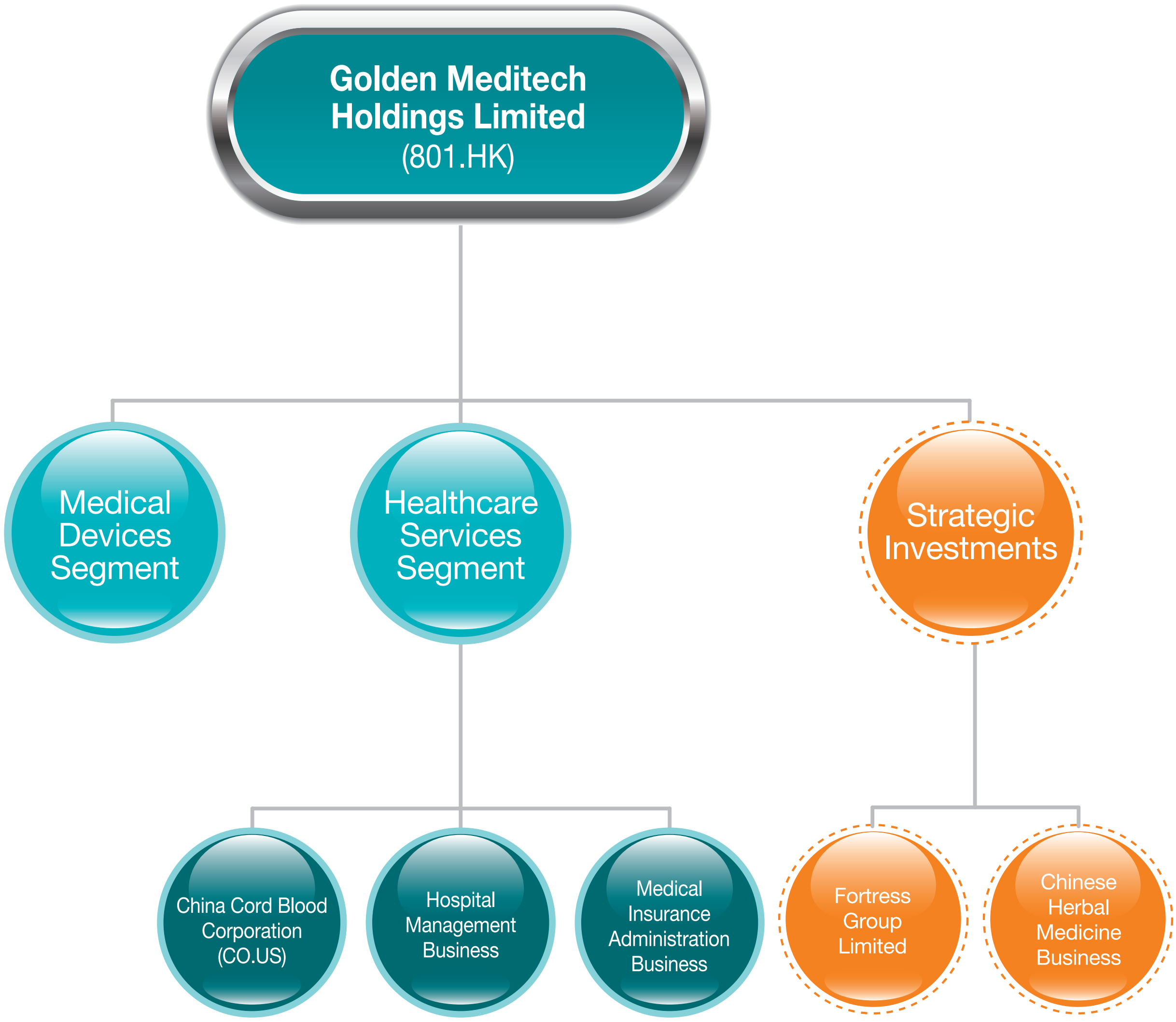
THE MEDICAL DEVICES SEGMENT

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

VISION AND MISSION

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.

Our vision is to become the leading integrated healthcare enterprise in China, creating a balanced portfolio and enabling each business operation to be a leader in their respective market. Our organisation goal is to endeavor to benchmark ourselves alongside global industry leader in both quality and standards.


Golden Meditech Holdings Limited (801.HK)
Medical Devices Segment
Healthcare Services Segment
Strategic Investments
China Cord Blood Corporation (CO.US)
Hospital Management Business
Medical Insurance Administration Business
Fortress Group Limited
Chinese Herbal Medicine Business

The Management is pleased to report that the interim results of Golden Meditech Holdings Limited (the "Company" or "Golden Meditech") for the financial year 2012/2013 (six months ended 30 September 2012) were in line with management expectations and barely affected by the current global environment. Our solid healthcare businesses have weathered these complicated market conditions, and allowed us to take advantage of the opportunities that have arisen. During the period, our core operations have performed satisfactorily, with the turnover of medical devices business having sustained growth amid favourable Chinese policies on blood transfusion. Healthcare services business reported steady performance despite our Beijing haematology hospital operations being temporarily suspended until the grand opening of our 600-bed new hospital which is scheduled to be operational in the second half of this fiscal year.

Total revenue increased by 6.4% to HK$224,464,000 compared to HK$210,882,000 for the previous reporting period. Profit attributable to shareholders totalled HK$85,255,000 while earnings per share reached HK4.23 cents. Excluding non-cash gain due to fair values changes of financial assets and financial liabilities, our adjusted profit attributable to shareholders decreased by 63.6% to HK$30,363,000 as compared to the previous reporting period.

With expansion averaging 10% per annum for the past three decades, the rapid and unprecedented growth has raised the living standard in China and provided tremendous opportunities for healthcare enterprises like Golden Meditech. Higher standards of living and a growing aging population have increased public awareness of quality healthcare, and the Chinese government has exerted greater support to the development of healthcare industry, which provides a favourable platform for us to drive the business forward.

HEALTHCARE SERVICES SEGMENT

For the interim period, revenue from the healthcare services segment remained steady at HK$71,670,000. Revenue generated from the hospital management business and medical insurance administration service business were HK$71,173,000 and HK$497,000 respectively.

The flat revenue growth from the hospital management business during the period was due to the strategic relocation of hospital facilities in Beijing to a much more spacious site which is scheduled to be opened in the second half of the financial year. As a result of this planned relocation, our Beijing hospital is temporarily closed until the opening of new hospital, which has slowed down the overall growth in hospital management business. The new hospital has larger floor areas, more beds and specialises in various departments to address patients' different needs, not solely haematology patients as before. We believe that once the new hospital is open for business, it will contribute higher revenue to the Group.

In tandem with the Group's long-term strategies in hospital management business, we entered into an agreement to increase ownership in our non-wholly-owned hospital management subsidiary, GM Hospital Group Limited through acquiring the US$28,000,000 Convertible Notes from New Horizon Capital III, L.P. ("New Horizon") in August 2012. New Horizon in return received 279,344,444 new shares from Golden Meditech at the issue price of HK$0.9 per share. The investment from New Horizon has demonstrated its long-term support and confidence in the Group's overall healthcare strategies.

The healthcare services segment also consists of the contribution from China Cord Blood Corporation ("CCBC"), an associate company of the Group. CCBC continued to post strong performance during the interim period with 31.1% growth in revenue and 33.5% increase in operating profit to US$14,550,000. However, its net profit was affected by non-cash expenses associated with the convertible notes issued to Kohlberg Kravis Roberts investment fund in April 2012 and as the results our share of profits from CCBC only increased slightly by 1.3% to HK$30,120,000.

With strong confidence in the prospects of China's cord blood banking industry and CCBC's market leadership, we invested US$50,000,000 into CCBC in September 2012 through the subscription of 7% Convertible Notes due 2017. The new investment will allow CCBC to speed up its development and seize the upcoming opportunities in China and any other untapped markets.

Meanwhile, we have also been relentlessly building platforms to diversify our revenue sources. The medical insurance administration business, GM-Medicare has achieved satisfactory progress during the reporting period. Though this business remains in the development stage, it has been appreciated by the market in serving as the missing link between multiple stakeholders in the medical insurance market in China.

A segmental financial breakdown of the Group's healthcare services segment (currently consists of hospital management business, medical insurance administration business and contribution from CCBC is as follows:

	Six months ended 30 September 2012 (HK$'000)	Six months ended 30 September 2011 (HK$'000)
Revenue from hospital management business	**71,173**	62,747
Revenue from medical insurance administration business	**497**	379
Selling and general administrative expenses	**43,797**	17,905
(Loss)/Profit before interest and tax	**(9,103)**	10,087
(Loss)/Profit after taxation	**(14,248)**	2,184
Share of profits from an associate – CCBC	**30,120**	29,728

MEDICAL DEVICES SEGMENT

Revenue from the Group's medical devices segment amounted to HK$140,649,000, representing 6.6% increase relative to the previous corresponding period, accounting for 62.7% of the Group's total revenue.

One of the key products, the Autologous Blood Recovery System (the "ABRS"), is set to rise in the coming years due to the Chinese government initiatives dedicated to elevate the quality and standard of healthcare industry in China, for example, the launch of The "Level III General Hospital Accreditation and Administration Standards" by the Ministry of Health which demands hospital managers to promote the clinical application of ABRS to alleviate surgical blood shortages.

In view of the rising demand for prime medical devices in the future, we believe that the separate listing of medical devices division at a right stock exchange under the right market conditions will be beneficial to the Group and its shareholders in the long run. As a result, the Group entered into agreements with shareholders of China Bright Group Co. Limited ("China Bright") to purchase back the shares, and to extend the listing of China Bright for 18 months until February 2014. As of today, the Group has increased its stake in China Bright to 95.10%.

In addition, leveraging on our seasoned experience in selling blood related medical devices, the division is also exploring to develop the distribution of imported medical devices in China to expand our revenue sources. In August 2012, we signed a product purchase and distribution agreement with ThermoGenesis Corp. (NASDAQ: KOOL) for the AXP® AutoXpress® System ("AXP System"), an automated device used for the processing of stem cells from cord blood. Under the five-year agreement, we will have exclusive distribution rights for the AXP System in China (excluding Hong Kong and Taiwan), Singapore, Indonesia, India and the Philippines once relevant government approval has been obtained in each respective region.

A segmental financial breakdown of the Group's medical devices segment (currently consists of the manufacture and sale of medical devices and related accessories and contribution from China National Medical Equipment Co. Ltd ("CMIC")) is as follows:

	Six months ended 30 September 2012 (HK$'000)	Six months ended 30 September 2011 (HK$'000)
Revenue from medical devices business	**83,432**	81,900
Revenue from medical accessories business	**57,217**	49,994
Selling and general administrative expenses	**18,235**	19,731
Profit before interest and tax	**76,947**	73,947
Profit after taxation	**62,709**	61,644
Share of profits from an associate – CMIC	**1,608**	2,272

STRATEGIC INVESTMENTS

The Group currently holds two strategic investments, a 29.4% stake in Fortress Group Limited ("Fortress"), the special private vehicle which privatised the previously NASDAQ-listed FunTalk China Holdings Limited ("FunTalk") in August 2011 and 100% shareholding in Chinese herbal medicine business.

The performance of the FunTalk business was down by 13.8% compared with the same period last year. As Fortress needed to account for non-cash expenses associated with financial instruments, our share of profits from Fortress was down by 39.1% to HK$24,435,000 compared with the previous reporting period.

The Chinese herbal medicine business consists of a GMP-approved production facility over a site area of 58,000m^2 located in a prime location in Municipal Shanghai. The operation itself reported a loss of HK$16,531,000 during the period, and was below management expectations.

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

	Six months ended 30 September 2012 (HK$'000)	Six months ended 30 September 2011 (HK$'000)
Revenue from Chinese herbal medicine business	**12,145**	15,862
Selling and general administrative expenses	**24,935**	28,701
Loss before interest and tax	**(16,531)**	(16,530)
Loss after taxation	**(14,736)**	(13,560)
Share of profits from an associate – Fortress	**24,435**	40,094

With our overall strategy focused on the enhancement of our core healthcare business, it is our intention to consider disposals of non-strategic divisions at appropriate time and any proceeds raised will be allocated among existing businesses, and our shareholders.

GROUP STRATEGY AND OUTLOOK

The Group continues to have high hopes for the healthcare industry in China. The vast and growing Chinese market presents great demand for premium medical devices and healthcare services. We are well positioned to seize the opportunities in the prospective healthcare industry with our dedication and foresights to establish the Company into a leading integrated healthcare enterprise in China. In the coming months, we will focus on the completion of the new hospital in Beijing as part of our long term strategies for the healthcare services segment. The Group believes that the new hospital will soon contribute higher revenue to the Group and reveal the embedded values of Golden Meditech to the market. In addition, the Group's medical devices segment will continue to benefit from the favourable medical policies on blood transfusion. Leveraging on our existing solid network and ability to penetrate into lower-tiered hospitals, the medical device segment will be promising in the long run.

GROUP FINANCIAL REVIEW

Our core businesses reported steady revenue growth for the six months ended 30 September 2012 at HK$224,464,000, representing an increase of 6.4%. The medical devices segment remained the largest source of revenue and contributed HK$140,649,000, with a 6.6% increase compared to the same period last year. Revenue from the healthcare services segment totalled HK$71,670,000 and accounted for 31.9% of the Group's total revenue.

Gross Margin

The Group's gross profit margin dropped by 2.9 percentage point to 55.2% compared to the same period last year, which was largely attributable to the change in sales mix and increase in costs as a result of continuous business expansion. Our core businesses, the medical devices segment and the healthcare services segment reported gross profit margins of 60.3% and 47.1% respectively, compared to 62.7% and 49.8% in the corresponding period last year.

Selling and Administrative Expenses

The Group continued to enhance its marketing and business development initiatives across all business segments, particularly in its hospital management business and medical insurance administration service business. Selling and administrative expenses incurred for the six months ended 30 September 2012 totalled HK$131,410,000, up 35.5% compared to the same period last year. The management will strictly monitor any expenditure to ensure costs are maintained at an acceptable level.

Other Net Income

During the reporting period, the Group recorded other net income of HK$27,033,000; compared to other net loss of HK$29,220,000 in the previous period. The fluctuation was largely attributable to the recognition of unrealised gain as a result of the changes in market value in the security investment held by the Group.

Operating Profit

Despite the 35.5% increase in selling and administrative expenses, the Group's operating profit reached HK$32,087,000, representing a 324.3% increase as compared to the prior period. The increase was largely attributable to the unrealised gain of HK$27,101,000 recorded during the period as a result of the increase in market value of the Group's security investment, as opposed to a HK$30,314,000 unrealised loss recorded in the previous corresponding period.

Finance Costs

The Group's financial expenses amounted to HK$5,203,000, 38.0% higher than the previous reporting period.

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

During the period ended 30 September 2012, the Group recorded a non-cash financial gain of HK$27,859,000 as a result of remeasurement of the convertible notes of the Company and its subsidiary.

Income Tax

The Group's total income tax expense was HK$14,003,000, a 1.4% increase from that of last year.

Profit Attributable to Equity Shareholders

During the reporting period, the Group maintained satisfactory growth across the board. Benefitting from the non-cash gain as a result of the fair value changes of financial liabilities and financial assets while offset by the increase in selling and administrative expenses, profit attributable to shareholders of the Company amounted to HK$85,255,000, representing a 11.2% increase over the previous corresponding period.

Current Assets and Total Assets

As of 30 September 2012, the Group's total current assets and total assets were HK$920,219,000 and HK$6,781,331,000 (31 March 2012: HK$1,216,013,000 and HK$6,979,375,000), respectively.

Liquidity and Financial Resources

As of 30 September 2012, the Group's cash and bank deposits amounted to HK$410,430,000 (31 March 2012: HK$819,963,000); total interest bearing debts stood at HK$227,334,000 (31 March 2012: HK$653,916,000); share repurchase obligations and other liabilities associated with it totalled HK$517,654,000 (31 March 2012: HK$554,167,000).

The Group has net current liabilities of HK$144,672,000 as at 30 September 2012 (31 March 2012: HK$369,376,000).

The Group will continue to improve its liquidity position in order to manage its working capital requirements and meet its obligations and commitments when they fall due. The Group is also considering other measures, including but not limited to, the realisation of part of its non-current assets. In view of such, we consider that the Group would have sufficient working capitals for the next twelve months subsequent to 30 September 2012.

Debt Ratio

On the basis of total interest bearing liabilities divided by total equity, the Group's debt ratio was 14.3% as of 30 September 2012. 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 688 full-time staff. During the reporting period, total staff costs (including directors' remuneration and the Mandatory Provident Fund) amounted to HK$56,590,000.

Details of the Group's Pledged Assets

The Group has pledged assets with net book value of HK$184,159,000 as collateral for bank loans and overdrafts as of 30 September 2012.

CONSOLIDATED INCOME STATEMENT

for the six months ended 30 September 2012 - unaudited
(Expressed in Hong Kong dollars)

	Note	Six months ended 30 September 2012 $'000	2011 $'000
Turnover	4	**224,464**	210,882
Cost of sales		**(100,652)**	(88,319)
Gross profit		**123,812**	122,563
Other revenue	5	**12,652**	11,193
Other net income /(loss)	6	**27,033**	(29,220)
Selling expenses		**(15,409)**	(18,175)
Administrative expenses		**(116,001)**	(78,799)
Profit from operations		**32,087**	7,562
Finance costs	7(a)	**(5,203)**	(3,770)
Share of profits of associates		**56,163**	72,095
Changes in fair value of financial liabilities at fair value through profit or loss	18	**27,859**	(12,306)
Gain on disposal of partial interests in an associate		**—**	34,653
Profit before taxation	7	**110,906**	98,234
Income tax	8(a)	**(14,003)**	(13,809)
Profit for the period		**96,903**	84,425

for the six months ended 30 September 2012 - unaudited
(Expressed in Hong Kong dollars)

	Note	Six months ended 30 September 2012 $'000	2011 $'000
Attributable to:			
Shareholders of the Company		**85,255**	76,645
Non-controlling interests		**11,648**	7,780
Profit for the period		**96,903**	84,425
Earnings per share	10		
Basic (in cents)		**4.23**	3.93
Diluted (in cents)		**4.09**	3.00

The notes on pages 18 to 45 form part of this interim financial report.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

for the six months ended 30 September 2012 - unaudited
(Expressed in Hong Kong dollars)

	Six months ended 30 September	
	2012	2011
	$'000	$'000
Profit for the period	**96,903**	84,425
Other comprehensive income for the period (after tax and reclassification adjustments)		
Exchange differences on translation of financial statements of companies outside of Hong Kong	**(22,002)**	75,490
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 associates, net of nil tax	**(11,780)**	10,139
Other comprehensive income for the period	**(33,782)**	85,763
Total comprehensive income for the period	**63,121**	170,188
Attributable to:		
Shareholders of the Company	**55,464**	154,636
Non-controlling interests	**7,657**	15,552
Total comprehensive income for the period	**63,121**	170,188

The notes on pages 18 to 45 form part of this interim financial report.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

at 30 September 2012 - unaudited
(Expressed in Hong Kong dollars)

	Note	At 30 September 2012		At 31 March 2012	
		$'000	$'000	$'000	$'000
Non-current assets					
Fixed assets	11				
– Property, plant and equipment			**997,888**		969,668
– Interests in leasehold land held for own use under operating leases			**1,722,267**		1,745,964
			2,720,155		2,715,632
Intangible assets			**810,904**		831,462
Goodwill			**500,167**		503,181
Interests in associates			**1,563,545**		1,486,742
Interests in jointly controlled entities			**62,981**		62,981
Available-for-sale securities			**162,787**		154,987
Prepayments and deposits			**32,702**		—
Deferred tax assets			**7,871**		8,377
			5,861,112		5,763,362
Current assets					
Trading securities		**164,389**		117,341	
Inventories	12	**25,136**		23,694	
Trade and other receivables	13	**320,264**		255,015	
Time deposits		**61,282**		49,346	
Cash and cash equivalents	14	**349,148**		770,617	
		920,219		1,216,013	
Current liabilities					
Trade and other payables	15	**350,220**		320,782	
Bank loans	16	**167,305**		307,300	
Obligations under finance leases	17	**1,279**		1,767	
Financial liabilities at fair value through profit or loss	18	**56,177**		341,717	
Share repurchase obligations	19	**232,890**		554,167	
Other liabilities	19	**166,967**		—	
Dividend payable	20(b)	**22,684**		—	
Current taxation		**67,369**		59,656	
		1,064,891		1,585,389	

at 30 September 2012 - unaudited
(Expressed in Hong Kong dollars)

	Note	At 30 September 2012		At 31 March 2012	
		$'000	$'000	$'000	$'000
Net current liabilities			**(144,672)**		(369,376)
Total assets less current liabilities			**5,716,440**		5,393,986
Non-current liabilities					
Other payables		**—**		92,600	
Obligations under finance leases	17	**2,573**		3,132	
Share repurchase obligations	19	**117,797**		—	
Deferred tax liabilities		**368,017**		376,041	
Other non-current liabilities		**411**		413	
			488,798		472,186
NET ASSETS			**5,227,642**		4,921,800
CAPITAL AND RESERVES					
Share capital	20(a)		**226,838**		198,903
Reserves			**4,205,469**		3,861,106
Total equity attributable to shareholders of the Company			**4,432,307**		4,060,009
Non-controlling interests			**795,335**		861,791
TOTAL EQUITY			**5,227,642**		4,921,800

The notes on pages 18 to 45 form part of this interim financial report.

for the six months ended 30 September 2012 - 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 2012	**198,903**	**1,588,562**	**11,679**	**30,172**	**54,193**	**466,929**	**99,577**	**34,309**	**(604,783)**	**2,180,468**	**4,060,009**	**861,791**	**4,921,800**
Issuance of shares for acquisition of convertible bonds issued by a subsidiary	27,935	223,476	–	–	–	–	–	–	–	–	251,411	–	251,411
Change in carrying amount of share repurchase obligations	–	–	–	–	–	–	–	–	(12,532)	–	(12,532)	–	(12,532)
Dividend declared for the year ended 31 March 2012	–	–	–	–	–	–	–	–	–	(22,684)	(22,684)	–	(22,684)
Re-acquisition of partial interest in a subsidiary	–	–	–	–	–	–	–	–	74,113	–	74,113	(74,113)	–
Share of other reserves of associates	–	–	–	–	–	–	–	–	26,526	–	26,526	–	26,526
Total comprehensive income for the period	–	–	–	–	–	(18,878)	–	(10,913)	–	85,255	55,464	7,657	63,121
Balance at 30 September 2012	**226,838**	**1,812,038**	**11,679**	**30,172**	**54,193**	**448,051**	**99,577**	**23,396**	**(516,676)**	**2,243,039**	**4,432,307**	**795,335**	**5,227,642**
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

The notes on pages 18 to 45 form part of this interim financial report.

CONDENSED CONSOLIDATED CASH FLOW STATEMENT

for the six months ended 30 September 2012 - unaudited
(Expressed in Hong Kong dollars)

	Six months ended 30 September	
	2012	2011
	$'000	$'000
Net cash used in operating activities	**(8,981)**	(66,979)
Net cash (used in)/generated from investing activities	**(263,505)**	138,139
Net cash used in financing activities	**(144,086)**	(5,632)
Net (decrease)/increase in cash and cash equivalents	**(416,572)**	65,528
Cash and cash equivalents at 1 April	**770,617**	770,591
Effect of foreign exchange rate changes	**(4,897)**	17,540
Cash and cash equivalents at 30 September	**349,148**	853,659

The notes on pages 18 to 45 form part of this interim financial report.

(Expressed in Hong Kong dollars unless otherwise indicated)

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 27 November 2012.

This interim financial report has been prepared in accordance with the same accounting policies adopted in the 2011/2012 annual financial statements, except for the accounting policy changes that are expected to be reflected in the 2012/2013 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 2011/2012 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 2012 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 2012 are available from the Stock Exchange's website. The auditors have expressed an unqualified opinion on those financial statements in their report dated 27 June 2012.

2 CHANGES IN ACCOUNTING POLICIES

In the current interim period, the Group has applied, for the first time, the following amendments to the HKFRSs issued by the HKICPA:

—	Amendments to HKFRS 7	Financail instruments: Disclosures – Transfers of financial assets
—	Amendments to HKAS 12	Deferred tax: Recovery of underlying assets

The application of the above amendments in the current interim period has had no material impact on the contents of this interim report.

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

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 four 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 and operating of hospitals in the People's Republic of China ("PRC").

(iii) Medical Insurance Administration segment: the provision of medical insurance administration services 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 ended 30 September 2012 and 30 September 2011 is set out below:

	Medical Devices		Hospital Management		Medical Insurance Administration		Chinese Herbal Medicine		Total	
	2012 $'000	2011 $'000	**2012 $'000**	2011 $'000	**2012 $'000**	2011 $'000	**2012 $'000**	2011 $'000	**2012 $'000**	2011 $'000
For the six months ended 30 September										
Revenue from external customers	**140,649**	131,894	**71,173**	62,747	**497**	379	**12,145**	15,862	**224,464**	210,882
Segment profit/(loss)	**76,947**	73,947	**10,400**	25,101	**(19,503)**	(15,014)	**(16,531)**	(16,530)	**51,313**	67,504

The Group's turnover and operating profit derived from activities outside the PRC are immaterial. 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 2012 and 2011.

Segment profit

	Six months ended 30 September	
	2012	2011
	$'000	$'000
Reportable segment profit	**51,313**	67,504
Finance costs	**(5,203)**	(3,770)
Changes in fair value of financial liabilities at fair value through profit or loss	**27,859**	(12,306)
Share of profits of associates	**56,163**	72,095
Gain on disposal of partial interests in an associate	**—**	34,653
Net realised and unrealised gain/(loss) on trading securities	**27,101**	(30,314)
Unallocated head office and corporate expenses	**(46,327)**	(29,628)
Consolidated profit before taxation	**110,906**	98,234

(Expressed in Hong Kong dollars unless otherwise indicated)

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 hospital operation, the provision of medical insurance administration service and the research and development and the manufacturing and sale of Chinese herbal medicines.

Turnover represents the sales value of goods supplied to customers, income from hospital management services, income from hospital operation and income from other services.

The amount of each significant category of revenue recognised in turnover during the period is as follows:

	Six months ended 30 September	
	2012	2011
	$'000	$'000
Sales of medical devices	**83,432**	81,900
Sales of medical accessories	**57,217**	49,994
Hospital management service and hospital operation income	**71,173**	62,747
Medical insurance administration service income	**497**	379
Sales of Chinese herbal medicines	**12,145**	15,862
	224,464	210,882

5 OTHER REVENUE

	Six months ended 30 September	
	2012	2011
	$'000	$'000
Interest income	**2,524**	2,223
VAT refunds	**6,965**	6,832
Dividend income from listed securities	**1,487**	1,433
Sundry income	**1,676**	705
	12,652	11,193

6 OTHER NET INCOME/(LOSS)

	Six months ended 30 September	
	2012	2011
	$'000	$'000
Net exchange loss	**(63)**	(97)
Net realised and unrealised gain/(loss) on trading securities	**27,101**	(30,314)
Gain on disposal available-for-sale equity securities	**—**	1,191
Others	**(5)**	—
	27,033	(29,220)

7 PROFIT BEFORE TAXATION

Profit before taxation is arrived at after charging:

	Six months ended 30 September	
	2012	2011
	$'000	$'000
(a) Finance costs		
Interest on bank loans wholly repayable within five years	**3,586**	3,427
Other borrowing costs	**1,517**	234
Finance charges on obligations under finance leases	**100**	109
	5,203	3,770
(b) Staff costs		
Salaries, wages and other benefits	**53,295**	42,029
Contributions to defined contribution retirement plans	**3,295**	2,388
	56,590	44,417

(Expressed in Hong Kong dollars unless otherwise indicated)

7 PROFIT BEFORE TAXATION (continued)

	Six months ended 30 September	
	2012	2011
	$'000	$'000
(c) Other items		
Depreciation of property, plant and equipment	**23,482**	18,035
Amortisation of land lease premium	**7,846**	12,101
Amortisation of intangible assets	**15,176**	14,912
Research and development costs	**4,366**	3,817
Operating lease charges: minimum lease payments		
– assets held for use under operating leases	**12,211**	13,670
– other assets	**89**	10

8 INCOME TAX

(a) Income Tax in the Consolidated Income Statement

Income Tax in the consolidated income statement represents:

	Six months ended 30 September	
	2012	2011
	$'000	$'000
Current tax - PRC income tax	**19,592**	20,507
Deferred tax	**(5,589)**	(6,698)
	14,003	13,809

8 INCOME TAX (continued)

(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 the PRC are subject to PRC income tax.

On 16 March 2007, the PRC government enacted the new Enterprise Income Tax law ("EIT law"), which unified the income tax rate to 25% for all companies incorporated in the PRC. Accordingly, except for Beijing Jingjing Medical Equipment Co., Ltd. ("Jingjing") and Shanghai East International Medical Center ("SEIMC") which are entitled to the transitional preferential rate of 24% for the period ended 30 September 2011, all PRC subsidiaries of the Group are subject to income tax at 25% for the period ended 30 September 2012 (30 September 2011: 25%).

In October 2011, upon the receipt of the notification issued by the local tax bureau, Jingjing renewed its designation as a high and new technology enterprise, and therefore, qualified to the reduced income tax rate of 15% retrospectively from 1 January 2011 to 31 December 2014. Current income tax of the six month ended 30 September 2011 was accrued based on the income tax rate of 24%, as the high and new technology enterprise designation of Jingjing was expired on 31 December 2010 and there was uncertainty of renewal. The amount of income tax overaccrued and paid during the period ended 30 September 2011 was refunded by the local tax bureau during the year ended 31 March 2012.

The EIT law and its relevant regulations also impose a withholding tax at 10%, unless reduced by a tax treaty/arrangement, on dividend distributions made out of the PRC from earnings accumulated from 1 January 2008. Undistributed earnings generated prior to 1 January 2008 are exempted from such withholding tax.

Under the Arrangement between the Mainland of China and Hong Kong Special Administrative Region for the Avoidance of Double Taxation and the Prevention of Fiscal Evasion with respect to Taxes on Income, a qualified Hong Kong tax resident which is the "beneficial owner" and holds 25% or more of the equity interest in a PRC-resident enterprise is entitled to a reduced withholding tax rate of 5% on dividends received. On 27 October 2009, the State Administration of Taxation issued Guoshuihan [2009] No. 601 ("Circular 601") which clarified that a "beneficial owner" under a tax treaty is determined not purely by its place of legal registration but also by other factors which depend on the specific facts and circumstances and significant judgment may be involved.

8 INCOME TAX (continued)

(b) PRC Income Tax (continued)

Since the Group can control the quantum and timing of distribution of profits of the Group's PRC subsidiaries, deferred tax liabilities are only provided to the extent that such profits are expected to be distributed in the foreseeable future.

As at 30 September 2012, deferred tax liabilities of $nil (31 March 2012: $nil) have been recognised in respect of the withholding tax payable on the retained profits of the Group's PRC subsidiaries generated subsequent to 1 January 2008 which the directors expect to distribute outside the PRC in the foreseeable future.

(c) Hong Kong Profits Tax

No provision for Hong Kong Profits Tax has been made for the periods ended 30 September 2012 and 2011 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.

(e) British Virgin Islands tax

Under the legislation of the British Virgin Islands, the Group is not subject to tax on income or capital gains.

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

9 ACQUISITIONS AND DISPOSALS

(a) Disposal and acquisition 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.

On 26 August 2012, a separate listing 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) was not completed. Accordingly, the Compensation option became invalid and the investors have the right to exercise the Put option and require the Company to re-acquire the sold shares of China Bright at $15.88 per share.

(Expressed in Hong Kong dollars unless otherwise indicated)

9 ACQUISITIONS AND DISPOSALS (continued)

(a) Disposal and acquisition of partial interests in a subsidiary (continued)

From September to November 2012, the Company and the investors have reached several supplemental agreements to revise certain terms and conditions to the Put option:

(i) The Company and the investors agreed to extend the expiry date of 20.55% of the total Put option shares, representing 7,332,808 ordinary shares of China Bright, from 26 August 2012 to 26 February 2014, and expanded to include Taiwan Stock Exchange and Singapore Stock Exchange for China Bright to complete a separate listing ("Adjusted Put option"). Interest is payable by the Company to the investors for the extended period since 27 August 2012, until the exercise of the Adjusted Put Option.

On 27 September 2012, another 20.55% of the total Put option shares, representing 7,332,809 ordinary shares of China Bright, were exercised in full. The consideration was paid in October 2012, relevant Put option shares were transferred to the Company on settlement date.

(ii) On 18 September 2012, 17.8% of the total Put option shares, representing 6,355,100 ordinary shares of China Bright, were exercised in full. The consideration is payable by the Company by installments. 50% of the total consideration was paid in September 2012. The remaining consideration shall be paid with interest, of which 25% will be payable in March 2013 and another 25% will be payable in September 2013; relevant Put option shares shall be transferred to the Company on the corresponding settlement dates.

(iii) On 16 November 2012, 41.1% of the total Put option shares, representing 14,665,617 ordinary shares of China Bright, were exercised in Full. The consideration is payable by the Company by installments. 50% of the total consideration was paid on the exercise date. The remaining consideration shall be paid with interest, of which 25% will be payable in May 2013 and another 25% will be payable in November 2013.

Further details and terms and conditions of the Put option and Adjusted Put option are set out in the Company's announcements dated 20 August 2010, 26 August 2010, 18 September 2012, 27 September 2012 and 16 November 2012.

(b) Acquistion of additional interest in a subsidiary

On 24 August 2012, the Company entered into an agreement with Hope Sky Investments Limited ("Hope Sky"), to acquire from Hope Sky the US$28,000,000 (equivalent to approximately $218,400,000) convertible notes, which was, issued by a subsidiary of the Group, GM Hospital Group Limited ("GMHG"). The consideration for the purchase of the Convertible Notes was settled by the issuance of 279,344,444 ordinary shares of the Company. Pursuant to the terms and conditions of the convertible notes, the convertible notes are convertible into new GMHG shares representing approximately 14.34% of the enlarged issued share capital of GMHG. Assuming the Company elects to convert all the convertible notes into new GMHG shares, the Group's interest in GMHG will increase from 75% to approximately 78.58%.

Further details of the convertible notes, the amendments of terms and conditions to the convertible notes and the acquisition of the convertible notes by the Company are set out in the Company's announcement dated 30 September 2009, 28 June 2011 and 24 August 2012 respectively.

9 ACQUISITIONS AND DISPOSALS (continued)

(c) Acquisition of subsidiaries

(i) Beijing Guohua Jiedi Hospital Management Co., Ltd. and its 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 $600,000,000, was satisfied in cash. The acquisition was completed in December 2011.

(ii) U.S. Healthcare Management Enterprise., Inc. and its subsidiaries

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 ordinary 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 Center ("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 period, and such lock-up period was expired on 26 April 2012.

(d) Privatisation of associates and disposal of certain interest

During the period ended 30 September 2011, Fortress Group Limited ("Fortress") was established to effect a privatisation of Funtalk China Holdings Limited ("FTLK") which was previously listed on the NASDAQ. The privitisation of FTLK was completed on 28 August 2011 and as a result Fortress became the holding company that owns 100% of equity interest in FTLK. The Group's interest in FTLK was swapped to Fortress and was increased by 7.4% to 32.4%.

After the privatisation of FTLK, the Group disposed 303 shares of Fortress, representing 3% equity interest for cash consideration of US$15,000,000 (equivalent to $116,525,000). After the disposal and as of 30 September 2012, the Group's equity interest in Fortress was reduced to 29.4%.

(e) 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 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 period, and such lock-up period was expired on 18 April 2012.

(Expressed in Hong Kong dollars unless otherwise indicated)

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 $85,255,000 (2011: $76,645,000) divided by the weighted average number of 2,016,508,000 (2011: 1,951,090,000) ordinary shares in issue during the interim period, calculated as follows:

Weighted average number of ordinary shares

	Six months ended 30 September	
	2012 Shares '000	2011 Shares '000
Issued ordinary shares at the beginning of the period	**1,989,032**	1,889,028
Effect of issue of shares for acquisition of convertible bonds issued by a subsidiary	**27,476**	—
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
Weighted average number of ordinary shares	**2,016,508**	1,951,090

	2012 $'000	2011 $'000
Profit attributable to shareholders of the Company	**85,255**	76,645
Basic earnings per share (HK cents)	**4.23**	3.93

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 $85,161,000 (2011: $60,642,000) and the weighted average number of 2,082,717,000 (2011: 2,021,096,000) 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	
	2012	2011
	$'000	$'000
Profit attributable to shareholders of the Company	**85,255**	76,645
Dilutive impact on profit from exercise of conversion options from the holders of convertible notes and warrants issued by the Company	**—**	(16,003)
Dilutive impact on profit of dilutive potential shares of associates	**(94)**	—
Profit attributable to shareholders of the Company (diluted)	**85,161**	60,642

(Expressed in Hong Kong dollars unless otherwise indicated)

10 EARNINGS PER SHARE (continued)

(b) Diluted earnings per share (continued)

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

	Six months ended 30 September	
	2012	2011
	Shares	Shares
	'000	'000
Weighted average number of ordinary shares for the periods ended 30 September	**2,016,508**	1,951,090
Effect of deemed issue of shares under the Company's share option scheme for nil consideration	**—**	3,797
Effect of conversion of convertible notes and exercise of warrants	**66,209**	66,209
Weighted average number of ordinary shares (diluted)	**2,082,717**	2,021,096
Diluted earnings per share (HK cents)	**4.09**	3.00

(Expressed in Hong Kong dollars unless otherwise indicated)

11 FIXED ASSETS

The movements in property, plant and equipment and interests in leasehold land held for own use under operating leases for the six months ended 30 September 2012 and 2011 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 2012	**969,668**	**1,745,964**
Exchange adjustments	**(5,153)**	**(4,921)**
Additions	**56,857**	**—**
Disposals	**(2)**	**—**
Depreciation/amortisation charge for the period	**(23,482)**	**(18,776)**
As at 30 September 2012	**997,888**	**1,722,267**
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

(Expressed in Hong Kong dollars unless otherwise indicated)

12 INVENTORIES

Inventories in the consolidated statement of financial position comprise:

	At 30 September 2012 $'000	At 31 March 2012 $'000
Raw materials	**1,705**	2,947
Work in progress	**5,875**	4,899
Finished goods	**17,556**	15,848
	25,136	23,694

13 TRADE AND OTHER RECEIVABLES

	At 30 September 2012 $'000	At 31 March 2012 $'000
Trade receivables	**268,144**	230,651
Less: Allowance for doubtful debts	**(1,385)**	(7,619)
	266,759	223,032
Prepayment, deposits and other receivables	**53,505**	31,983
	320,264	255,015

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

(Expressed in Hong Kong dollars unless otherwise indicated)

13 TRADE AND OTHER RECEIVABLES (continued)

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

	At 30 September 2012 $'000	At 31 March 2012 $'000
Neither past due nor impaired	**148,077**	121,309
Past due but not impaired		
Within six months	**35,820**	50,126
Between seven and twelve months	**53,906**	39,344
Over one year	**28,956**	12,253
	118,682	101,723
	266,759	223,032

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

14 CASH AND CASH EQUIVALENTS

Cash and bank balances comprise:

	At 30 September 2012 $'000	At 31 March 2012 $'000
Cash at bank and on hand	**349,148**	770,617
	349,148	770,617

15 TRADE AND OTHER PAYABLES

	At 30 September 2012	At 31 March 2012
Trade payables	**116,401**	114,282
Construction costs payables	**140,619**	125,483
Other payables and accrued expenses	**93,200**	81,017
	350,220	320,782

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 2012 $'000	At 31 March 2012 $'000
Due within three months or on demand	**116,401**	114,282

16 BANK LOANS

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

	At 30 September 2012 $'000	At 31 March 2012 $'000
Within one year or on demand	**167,305**	307,300
	167,305	307,300

(Expressed in Hong Kong dollars unless otherwise indicated)

16 BANK LOANS (continued)

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

	At 30 September 2012 $'000	At 31 March 2012 $'000
Bank loans		
– Secured	**167,305**	73,402
– Unsecured	**—**	233,898
	167,305	307,300

17 OBLIGATIONS UNDER FINANCE LEASES

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

	At 30 September 2012		At 31 March 2012	
	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	**1,279**	**1,405**	1,767	1,927
After one year but within two years	**1,151**	**1,231**	1,128	1,232
After two years but within five years	**1,422**	**1,460**	2,004	2,075
	2,573	**2,691**	3,132	3,307
	3,852	**4,096**	4,899	5,234
Less: Total future interest expenses		**(244)**		(335)
Present value of lease obligations		**3,852**		4,899

(Expressed in Hong Kong dollars unless otherwise indicated)

18 FINANCIAL LIABILITIES AT FAIR VALUE THROUGH PROFIT OR LOSS

	At 30 September 2012 $'000	At 31 March 2012 $'000
Convertible notes		
– issued by the Company	**56,177**	56,177
– issued by a subsidiary	**—**	285,540
	56,177	341,717

(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 days after 20 July 2009 ("Subscription Option"). The option was exercised in full during the period ended 30 September 2010.

18 FINANCIAL LIABILITIES AT FAIR VALUE THROUGH PROFIT OR LOSS (continued)

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

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. The terms and conditions of adjustments to the conversion price were subsequently amended on 20 January 2012, as agreed between the Company and the noteholders.

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. Pursuant to the terms of convertible notes, the noteholders shall have the right to require the Company to redeem the convertible notes on 20 January 2013. Accordingly, the carrying amount of the convertible notes issued by the Company is classified as current liability in the consolidated statement of financial positions as of 30 September 2012 and 31 March 2012.

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 and warrants and amendments to the terms and conditions of convertible notes are set out in the Company's announcements dated 30 April 2009, 24 August 2009 and 3 February 2012.

As at 30 September 2012, convertible notes with a principal amount of US$10,600,000 remained outstanding.

18 FINANCIAL LIABILITIES AT FAIR VALUE THROUGH PROFIT OR LOSS (continued)

(b) Convertible notes issued by a subsidiary

On 30 October 2009, GMHG issued convertible notes with a 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. The 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 initially at US$1,778.10 per share, subject to adjustments under certain terms and conditions of the convertible notes.

On 28 June 2011, GMHG and the noteholders agreed to revise certain terms and conditions to the convertible notes. The initial conversion price was adjusted from US$1,778.10 per share to US$1,673.00 per share.

Unless previously redeemed or converted, the convertible notes will be redeemed at face value on 30 October 2014. Pursuant to the terms of convertible notes, the noteholders at any time starting from the first day of the 37th month after the Completion Date on 30 October 2009, shall have the right to require GMHG to redeem the convertible notes. Accordingly, the carrying amounts of the convertible notes issued by GMHG is classified as current liability in the consolidated statement of financial position as of 31 March 2012.

On 24 August 2012, the Company entered into an agreement with the then noteholder, Hope Sky Investments Limited ("Hope Sky"), to acquire from it the aforementioned US$28,000,000 convertible notes issued by GMHG. The transfer was completed in September 2012 by the allotment and issuance of 279,344,444 ordinary shares of the Company to Hope Sky (see note 20(a)(i)). Accordingly, the carrying amounts of the convertible notes issued by GMHG have been fully eliminated in the consolidated statement of the financial position.

Further details of the convertible notes, the amendments of terms and conditions to the convertible notes and the acquisition of the convertible notes by the Company are set out in the Company's announcement dated 30 September 2009, 28 June 2011 and 24 August 2012 respectively.

19 SHARE REPURCHASE OBLIGATIONS AND OTHER LIABILITIES

Share repurchase obligations represent the put option written to non-controlling interests for the repurchase of shares of a subsidiary (see note 9(a)) and are stated at amortised cost. During the period ended 30 September 2012, the changes in amortised cost of Share repurchase obligation of $12,532,000 (30 September 2011: $20,211,000) has been recognised directly in equity.

On 26 August 2012, a separate listing of China Bright on the Main Board of the Hong Kong Stock Exchange, NASDAQ or the New York Stock Exchange with a market capitalization of US$280,000,000 (equivalent to $2,184,000,000) was not completed. Accordingly, the Compensation option became invalid and the investors have the right to exercise the Put option and require the Company to re-acquire the sold shares of China Bright at $15.88 per share.

In September 2012, the Company and the investors have reached several supplemental agreements to revise certain terms and conditions to the Put option (see note 9(a)), and some investors have also exercised their Put option. Accordingly, Put option exercised in September 2012 has been de-recognised from the carrying amount of share repurchase obligations, and considerations payable to investors have been recognised as other current liabilities in the consolidated statement of financial position. Furthermore, the unexercised Put option, Adjusted Put option and its relevant interest payable calculated based on the revised terms and conditions, are classified as current and non-current liabilities in the consolidated statement of financial position respectively.

20 CAPITAL AND DIVIDENDS

(a) Share capital

	At 30 September 2012		At 31 March 2012	
	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	**1,989,032**	**198,903**	1,889,028	188,903
Acquisition of convertible notes issued by a subsidiary (note i)	**279,344**	**27,935**	—	—
Acquisition of a subsidiary (note ii)	—	—	26,351	2,635
Acquisition of non-controlling interests (note iii)	—	—	131,757	13,176
Repurchase of own shares (note iv)	—	—	(58,104)	(5,811)
At end of the period/year	**2,268,376**	**226,838**	1,989,032	198,903

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.

20 CAPITAL AND DIVIDENDS (continued)

(a) *Share capital* (continued)

Notes:

(i) Acquisition of convertible notes issued by a subsidiary

On 24 August 2012, the Company entered into an agreement with Hope Sky to acquire from it the aforementioned US$28,000,000 convertible notes issued by GMHG (see note 18(b)). In September 2012, 279,344,444 new shares were allotted and issued by the Company to Hope Sky as consideration shares. The consideration shares were measured at market value as at the agreement date. Accordingly, $27,935,000 was credited to share capital and $223,476,000 was credited to share premium account.

(ii) Issue of shares for acquisition of a subsidiary

On 28 June 2011, the Company and GMHG, a subsidiary of the Group entered into sale and purchase agreement to acquire all equity interest in USHME and its subsidiaries ("the USHME Group") during the year ended 31 March 2012. As part of the consideration for the acquisition, the Company issued 26,351,000 ordinary shares to the vendors and the consideration was measured at the market value of the shares of $34,256,000 as of the date of transfer. Accordingly, $2,635,000 was credited to share capital and $31,621,000 was credited to the share premium account.

(iii) Issue of shares for acquisition of non-controlling interests

On 28 June 2011, the Company entered into agreement to acquire an additional 15% equity interest in GMHG from a non-controlling shareholder of GMHG. As the consideration of the acquisition, the Company issued 131,757,000 ordinary shares of the Company to the non-controlling shareholder and the 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 $158,108,000 was credited to share premium account.

(iv) Repurchase of own shares

During the year ended 31 March 2012, a total of a 58,104,000 shares were repurchased at an aggregate price paid of $48,848,000 which includes related expenses of $229,000.

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 of the Cayman Islands, an amount equivalent to the par value of the shares cancelled of $5,811,000 was transferred from retained profits to the capital redemption reserve. The premium paid on the repurchase of the shares of $43,037,000 was charged to the share premium account.

(b) *Dividends*

The directors do not recommend the payment of a dividend in respect of the period ended 30 September 2012 (period ended 30 September 2011: $nil).

Final dividend payable approved during the period in respect of the year ended 31 March 2012 amounted to $22,684,000 (HK1 cent per share) (year ended 31 March 2011: $nil).

(Expressed in Hong Kong dollars unless otherwise indicated)

21 COMMITMENTS

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

	At 30 September 2012 $'000	At 31 March 2012 $'000
Contracted for	**143,409**	158,017

(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 2012 $'000	At 31 March 2012 $'000
Within 1 year	**14,051**	15,048
After 1 year but within 5 years	**14,956**	19,273
	29,007	34,321

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 2012, the Group is committed to contribute a further US$8,022,000 (31 March 2012: US$9,022,000), equivalent to $62,572,000 (31 March 2012: $70,372,000), as further investments in an unlisted private equity fund classified as available-for-sale equity securities.

22 CONTINGENT LIABILITIES

As at 31 March 2012, the Company guaranteed the obligations of a subsidiary under certain convertible notes with a principal amount of $218,400,000 issued by the subsidiary (see note 18(b)). The convertible notes were acquired by the Company on 24 August 2012 and such guarantee became obsolete.

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.

23 NON-ADJUSTING EVENT

On 18 September 2012, the Company entered into a convertible note purchase agreement with its associate, China Cord Blood Corporation "CCBC", to subscribe for convertible note issued by CCBC with a principal amount of US$50,000,000. Interest rate is 7% p.a. on any outstanding principal amount of the convertible note with a conversion price of US$2.838 per CCBC share. The transaction was completed on 3 October 2012.

Further details of the terms and conditions of the convertibles note are set out in the Company's announcement dated 18 September 2012.

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 2012, the interests and short positions of the directors (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	442,948,000[(1)]	—	442,948,000	19.53%
	Beneficial owner	—	67,006,245[(2)]	67,006,245	2.95%
Mr. LU Tian Long	Beneficial owner	—	6,000,000[(2)]	6,000,000	0.26%
Mr. KONG Kam Yu	Beneficial owner	—	8,700,000[(2)]	8,700,000	0.38%
Ms. ZHENG Ting	Beneficial owner	—	7,600,000[(2)]	7,600,000	0.34%

Notes:

(1) Mr. KAM Yuen was deemed under the SFO to have an interest in 442,948,000 shares beneficially owned by Bio Garden Inc. ("Bio Garden"), a company incorporated in the British Virgin Islands ("BVI"), as at 30 September 2012 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	1.47%

Save as disclosed above, as at 30 September 2012, 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 36(a) to the financial statements as included in the annual report of the Company for the year ended 31 March 2012. The share option schemes have been terminated and no further share options will be granted under the schemes. In respect of the share options previously granted and which remained exercisable on or before the dates of termination, they shall continue to be exercisable subject to the terms of the share option schemes.

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

	Date of grant	Number of underlying shares in respect of which share options were outstanding as at 1 April 2012	Transfer from other category during the period	Transfer to other category during the period	Number of underlying shares in respect of which share options were exercised during the period ended 30 September 2012	Number of underlying shares in respect of which share options were outstanding as at 30 September 2012	Exercise price HK$	Market value per share at grant date HK$
Directors								
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(4)	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
Mr. KONG Kam Yu (5)	4 March 2005(2)	—	2,000,000	—	—	2,000,000	1.60	1.60
	27 April 2009(3)	—	6,700,000	—	—	6,700,000	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 (other than Directors)	4 March 2005(2)	11,870,000	—	(2,000,000)	—	9,870,000	1.60	1.60
	27 April 2009(3)	26,533,000	3,800,000	(6,700,000)	—	23,633,000	1.15	1.14
		122,809,245	12,500,000	(12,500,000)	—	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) Ms. JIN Lu retired as an executive Director of the Company on 25 September 2012. The options granted to Ms. Jin remain exercisable following her retirement pursuant to the share option scheme. Those options were re-classified to the category of "Full-time employees" during the period.

(5) Mr. KONG Kam Yu was appointed as executive Director of the Company on 25 September 2012. The options were re-classified to the category of "Directors" during the period.

(6) 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 2012.

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 2012, 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[(1)]	Beneficial owner	442,948,000[(4)]	19.53%
Credit Suisse Trust Limited[(2)]	Trustee	442,948,000[(4)]	19.53%
Fiducia Suisse SA (Formerly known as KF Suisse SA")[(3)]	Trustee	442,948,000[(4)]	19.53%
Mr. David Henry Christopher Hill[(3)]	Interest of controlled corporation	442,948,000[(4)]	19.53%
Mrs. Rebecca Ann Hill[(3)]	Interest of children under 18 or spouse	442,948,000[(4)]	19.53%
Mr. Kent C. McCarthy[(5)]	Investment manager	447,692,702	19.74%
New Horizon Capital III, L.P.[(6)]	Interest of controlled corporation	411,101,200	18.12%
New Horizon Capital Partners III Ltd[(6)]	Interest of controlled corporation	411,101,200	18.12%
Hope Sky Investments Limited ("Hope Sky")[(6)]	Beneficial owner	279,344,444	12.31%

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 II, L.P. ("Jayhawk")[5]	Investment manager	220,023,098	9.70%
Top Strength Holdings Limited ("Top Strength")[6]	Interest of controlled corporation	131,756,756	5.81%

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 442,948,000 shares as at 30 September 2012. 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 442,948,000 shares held by Bio Garden.

(3) The corporate substantial shareholder notice filed by Fiducia Suisse SA indicated that it had a 64% interest in Bio Garden which beneficially owned 442,948,000 shares as at 30 September 2012. Fiducia Suisse SA is a trustee of certain discretionary trusts as referred to in (1) above. Accordingly, Fiducia Suisse SA was deemed, under the SFO, to have an interest in the 442,948,000 shares held by Bio Garden. Fiducia Suisse SA was wholly-owned by Mr. David Henry Christopher Hill. Mr. David Henry Christopher Hill and Mrs. Rebecca Ann Hill (being the spouse of Mr. David Henry Christopher Hill) was deemed, under the SFO, to have an interest in the 442,948,000 shares held by Fiducia Suisse SA.

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

(5) The corporate substantial shareholder notice filed by Jayhawk indicated that Mr. Kent C. McCarthy was a controller who held a 100% interest in Jayhawk. Accordingly, Mr. Kent C. McCarthy would be deemed, under the SFO, to have an interest in 220,023,098 shares held by Jayhawk, among which, 29,002,098 shares were long position of equity derivatives in the underlying shares of the Company.

(6) Each of Hope Sky and Top Strength is an investment holding company incorporated in the BVI, which is wholly owned by New Horizon Capital III, L.P., a private equity fund specializing in investments in China. New Horizon Capital Partners III Ltd. is a controller of New Horizon Capital III, L.P..

Save as disclosed above, as at 30 September 2012, 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.

REPORT ON CORPORATE GOVERNANCE

Throughout the six months ended 30 September 2012, the Company has complied with the code provisions of the Corporate Governance Code 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 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, four 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 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 2012, 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 2012.

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), Prof. GU Qiao and Mr. FENG Wen.

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 2012.

By order of the Board
KAM Yuen
Chairman

HONG KONG, 27 November 2012

CORPORATE INFORMATION

Executive Directors

Mr. KAM Yuen *(Chairman)*
Mr. LU Tian Long
Mr. KONG Kam Yu
Mr. YU Kwok Kuen, Harry

Non-executive Director

Ms. ZHENG Ting

Independent Non-executive Directors

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

Registered Office

Appleby Corporate Services (Cayman) Limited
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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. FENG Wen
Prof. GU Qiao

Remuneration Committee Members

Mr. FENG Wen *(Chairman)*
Prof. CAO Gang
Prof. GU Qiao

Nomination Committee Members

Mr. FENG Wen *(Chairman)*
Prof. CAO Gang
Prof. GU Qiao

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

Investor Relations Officer

Ms. Charlotte Cheung, Investor Relations Manager
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