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)

ANNUAL REPORT
2013/14

ENHANCING SHAREHOLDERS' VALUE

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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 Mainland China.

Golden Meditech is recognised as a first-mover in Mainland China's healthcare industry. By turning our industry insight into strategies, we have successfully identified opportunities in the market which allow us to establish dominant positions in each of the businesses we operate in. Our strengths in innovation, market expertise, stringent demand on quality, proven strategies and ability to capture emerging market opportunities have enabled us to unleash the intrinsic values of each business unit and effectively accelerated 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 Mainland China, currently owns and manages two reputable hospitals in Beijing and Shanghai. The Shanghai East International Medical Center is a renowned hospital serving high-end Chinese and foreign expatriates. The newly established Qinghe Hospital in Beijing specialises in haematology and houses departments of various medical disciplines to address patients with different needs.

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

This segment also includes China Cord Blood Corporation ("CCBC"; CO.US), a subsidiary of the Group. CCBC is the first and largest umbilical cord blood bank operator in Mainland China that owns exclusive licenses in Beijing, Guangdong Province and Zhejiang Province, and an investment in the exclusive operator in Shandong. CCBC remains a major shareholder of Cordlife Group Limited (P8A.SGX), the largest cord blood bank operator in Southeast Asia and Life Corporation Limited (LFC.AX).

THE MEDICAL DEVICES SEGMENT

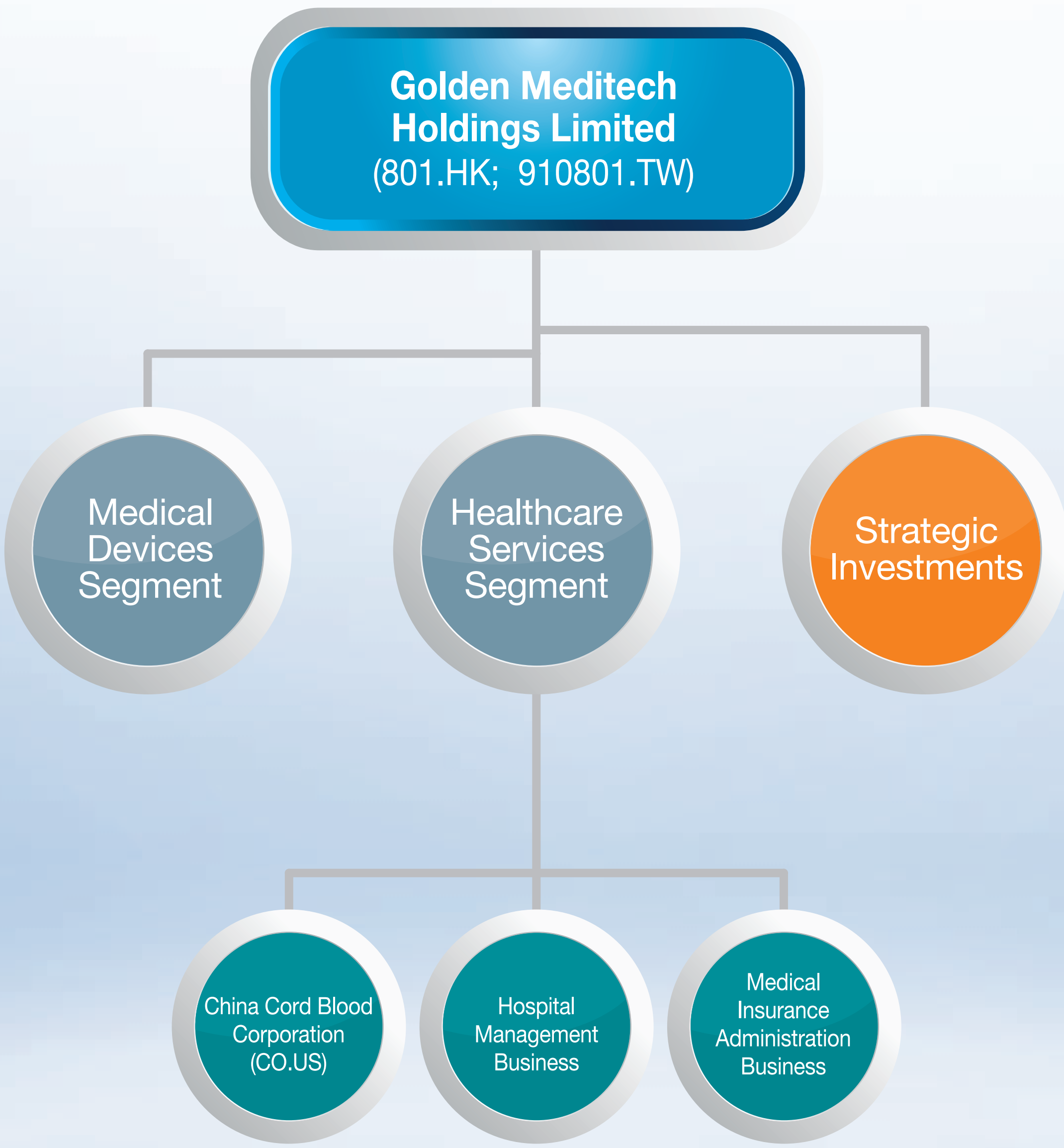
The Group is a pioneer in the development, manufacture, sales and distribution of blood-related medical devices in Mainland China. Our domestically developed products are specialised in blood recovery, purification and treatment. Our flagship product Autologous Blood Recovery System ("ABRS") was the first domestically developed device to obtain approval from the China Food and Drug Administration ("CFDA").

VISION AND MISSION

The Group is committed to achieving long-term sustainable growth through unremittingly cultivating our healthcare services and medical devices operations. We are investing in the healthcare industry with prominent market potentials, limited competition, and high investment returns in order to continuously enhance our shareholders' value.

We endeavour to benchmark ourselves alongside the global industry leaders in both quality and standards. We are striving to maintain our leading position in Mainland China's integrated healthcare industry, create a balanced portfolio and enable each business operation to be a leader in their respective market.

BUSINESS STRUCTURE



CORPORATE HISTORY AND MILESTONES

2014
- The Group entered into an agreement to dispose its entire interest in Fortress Group Limited ("Fortress")
- New cord blood storage facilities in Guangdong Province and Zhejiang Province are scheduled to open in the first half of fiscal year 2015

2013
- The medical devices distribution business started exclusive distribution of AXP System, an automated system used for stem cells extraction
- Qinghe Hospital facility with over 600 beds located in Beijing's Haidian District started its trial run in December

2012
- The Group invested US$50 million in China Cord Blood Corporation ("CCBC"; CO.US) through the subscription of its 7% convertible notes due 2017
- The medical devices segment established a new distribution business for imported high-end overseas medical devices

2011
- Became the first healthcare enterprise from Mainland China to successfully list its depositary receipts on the Taiwan Stock Exchange
- Acquired Shanghai East International Medical Center ("SEIMC") to enter into premium healthcare service
- CCBC secured an exclusive license to operate cord blood storage business in Zhejiang Province
- The Group disposed 3% equity interest in Fortress for US$15 million, which wholly-owned the privatised FunTalk China Holdings Limited ("FunTalk China") after a successful de-listing from NASDAQ

2010
- Changed its name to "Golden Meditech Holdings Limited", to better reflect the Group's integrated business model, multiple revenues streams and depth exposure in Mainland China's healthcare industry
- Launched Mainland China's first third-party medical insurance administration, GM-Medicare Management (China) Company Limited, as a joint venture with two leading US-based health maintenance organisations (HMOs)

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

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

2007
- Expansion of cord blood storage business into Guangdong Province

2006
- Strategic investment in Pypo Technology (later became FunTalk China and Fortress)

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

2002
- Medical devices production facility in Beijing commenced production

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

CHAIRMAN'S STATEMENT

Dear Shareholders,

I am pleased to announce the annual results of Golden Meditech Holdings Limited (the "Company" or "Golden Meditech") for the fiscal year 2013/2014.

During the reporting period, the annual results of our core businesses were in line with management's expectations while significant operational achievements were accomplished. Golden Meditech has sustained steady growth over the years through optimising its business transformation, sparing no effort in fostering the healthcare services businesses. Not only does this promote the business integration and diversify sources of revenue, it also solidifies the business platforms of the medical devices and healthcare services segments, further enhances the competitiveness of Golden Meditech.

Driven by improving living standard and aging population, the demand for prime healthcare services and medical devices in the Mainland China has been growing rapidly. In order to pave ways for a better healthcare system, the Mainland China's government has stepped up pace of its healthcare reforms by encouraging private capital to enter into hospital sector and extending national medical insurance coverage. These positive initiatives are set to boost the development of the healthcare industry. Being a visionary with a long history in the Mainland China's healthcare industry, Golden Meditech recognised the growth opportunities in the healthcare services and medical devices markets and has devoted resources to cultivate the development of its healthcare related businesses, allowing the Company to timely seize the opportunities arise from the healthcare reforms.

Golden Meditech took a significant step forward in 2008 by entering into hospital management business which has eventually become one of the Company's core developments. Leveraging on our renowned hospital brand, Shanghai East International Medical Centre ("SEIMC"), we have successfully entered into the high-end healthcare market and further expanded our realm through establishing the Beijing Qinghe Hospital ("Qinghe Hospital"). The start of Qinghe Hospital's trial run in December 2013 marked a milestone for our hospital management business and is anticipated to expedite the development of Golden Meditech in the Mainland China's healthcare industry.

Having years of extensive experience in the Mainland China's healthcare market, Golden Meditech fully comprehends the market needs and the importance of its reputation in the industry. We are devoted to providing high quality healthcare service and upholding our reputation. In hope of delivering reliable healthcare services to the public, we work seamlessly with the Peking University People's Hospital at the Qinghe Hospital to secure the employment of highly competent medical personnel and the provision of quality healthcare service.

CHAIRMAN'S STATEMENT

During the reporting period, the Mainland China's government has relaxed its one-child policy, allowing couples for a second birth if they meet the requirements. The new child policy is expected to secure a balanced mix of population and will drive the future demand for our hospitals and cord blood storage service.

With healthcare businesses being our focus, the management of Golden Meditech has been exploring all the best options to unlock the intrinsic values of our strategic investments. The Company entered into an agreement to dispose its entire shareholding in Fortress Group Limited ("Fortress") and the major portion of the proceeds will be applied towards its existing businesses and relevant investments with great potentials.

During the reporting period, the Company successfully undertook an open offer with over 90% of shareholders applied and the excess offer shares were over-subscribed by over 35 times. We are glad that the open offer met with unstinting support from our shareholders which reflected their confidence in Golden Meditech and the Mainland China's healthcare industry. The net proceeds from the open offer will strengthen the Company's financial position and allow Golden Meditech to move more quickly to capitalise on the exciting new business opportunities.

As construction of the Qinghe Hospital has mostly been completed, our future capital expenditure will not be significant going forward. The board of directors (the "Board") has considered the interest of shareholders, the Company's cash flow, the long-term development plan and other capital requirements and has recommended a final dividend of HK2.6 cents per ordinary share of the Company of HK$0.20 each (2013: HK2.6 cents, as adjusted for the Share Consolidation as defined in the section "Report of the Directors"). In view of the continuous support and trust from our shareholders, the Company will persistently the adopt a relatively stable dividend policy and unremittingly balance our expansion plan and short-term shareholders' returns, striving to deliver growth and long-term value to all shareholders.

GROUP OUTLOOK

The Mainland China's healthcare market has been accelerating in full speed with market research projected that the healthcare services market will reach approximately RMB3.16 trillion in 2015. In view of achieving the long-term development, the Mainland China's government has stepped up the healthcare reforms by implementing initiatives to encourage private capital to enter into hospital sector and expanding the coverage of national insurance. Golden Meditech believes the healthcare reforms will gain momentum to facilitate the healthy growth of entire industry. As a pioneer in hospital management business, Golden Meditech has strategically positioned in the unique and lucrative sector in the Mainland China's healthcare market. We are devoted to providing prime quality medical treatment and services to meet the increasing demand and aspired to maintain our leading position in the healthcare industry by upholding our reputation.

For a long-term perspective, we will continue fostering the development of our healthcare service businesses as well as medical devices business, and sustain our capabilities by excelling in quality, research and development, operational efficiency and management capacities. We will ride on our strengths to develop value-added businesses along the value chain of healthcare industry and create a competitive edge at our advantage, with a view to maximise our shareholders' value.

Finally, on behalf of the Board, I would like to express my sincere appreciation to all our shareholders and customers for their support. I would also like to express my sincere gratitude to my colleagues for their valuable contribution during the reporting period.

KAM Yuen
Chairman

24 June 2014

MANAGEMENT DISCUSSION AND ANALYSIS

The management is pleased to present the annual results of Golden Meditech Holdings Limited (the "Company" or "Golden Meditech", and together with its subsidiaries (the "Group")) for the financial year ended 31 March 2014. During the reporting period, the annual results of our core businesses were in line with management's expectations while substantial strategic progress had been achieved.

As a leading integrated healthcare enterprise, Golden Meditech has been placing high priority on optimising its healthcare services and medical devices segments. Backing by its ability to turn industry insights and market experiences into viable strategies, Golden Meditech has effectively diversified its source of revenue through developing its healthcare services business segments upon the solid business platform of the medical devices segment. Total revenue for the fiscal year 2013/14 rose by 0.6% to HK$1,085,068,000, with the healthcare services segment and medical devices segment contributed 73.6% and 25.3% to the Group's total revenue respectively.

In March 2014, in view of the long-term development of its healthcare businesses, Golden Meditech announced the sale of 2,942 ordinary shares, representing approximately 27.9% of the issued share capital of Fortress Group Limited ("Fortress") to Sanpower Group Limited*（三胞集團有限公司）for a consideration of US$101,264,437 (equivalent to approximately HK$789,862,611) (the "Disposal"). The sale of Fortress enables the Company to focus on its core businesses while the proceeds will be used as the working capital of the Group, allowing the Company to explore opportunities emerging from the Mainland China's healthcare reform.

During the reporting period, the cord blood storage business and medical devices business respectively contributed 66.6% and 25.3% to the Group's total revenue. Revenue of the hospital management business is expected to improve as the Beijing Qinghe Hospital ("Qinghe Hospital") has begun its trial run in December 2013. Despite the increase of selling and administration expenses during the reporting period as a result of the long-term development of the cord blood storage and hospital management businesses, we are confident that such long-term expansion strategies will reap the benefits and improve our operating margin in the long-run.

Loss attributable to equity shareholders of the Company totalled HK$429,081,000, while basic loss per share was HK33.6 cents. Excluding the fair value losses of financial assets and financial liabilities, one-off impairment losses on certain financial assets, intangible assets and share of losses of a joint venture, adjusted profit attributable to equity shareholders of the Company decreased by 18.5% to HK$86,464,000 as compared to the previous reporting period.

* English name is for identification purpose only.

HEALTHCARE SERVICES SEGMENT

A segmental financial breakdown of the Group's healthcare services segment (currently consists of cord blood storage business, hospital management business and medical insurance administration business) is as follows:

	FY2013/14 (HK$'000)	FY2012/13 (HK$'000)
Revenue from cord blood storage business	**722,167**	647,265
Revenue from hospital management business	**71,181**	126,930
Revenue from medical insurance administration business	**4,941**	2,121
Selling and general administrative expenses *	**462,945**	372,691
Impairment loss on intangible assets	**448,048**	—
(Loss)/profit before interests and tax	**(283,903)**	219,893
Adjusted profit before interests and tax **	**225,843**	219,893
Fair value loss on financial liabilities at fair value through profit or loss	**247,736**	52,926
(Loss)/profit after tax	**(88,422)**	71,239
Adjusted profit after tax ***	**159,314**	136,248

* Amount includes HK$61,698,000 one-time write-off of trade receivables as a result of the restructuring of hospital management business.

** Adjusted profit before interests and tax excludes impairment loss on intangible assets and one-time write-off of trade receivables.

*** Adjusted profit after tax excludes impairment loss on intangible assets, one-time write-off of trade receivables and their associated tax impacts, and fair value loss on financial liabilities at fair value through profit or loss.

MANAGEMENT DISCUSSION AND ANALYSIS

During the reporting period, revenue from the healthcare services segment increased by 2.8% to HK$798,289,000. Revenue generated from cord blood storage business, hospital management service and medical insurance administration business were HK$722,167,000, HK$71,181,000 and HK$4,941,000 respectively.

Cord Blood Storage Business

Revenue and profit of China Cord Blood Corporation ("CCBC"), a subsidiary of the Group, increased satisfactorily during the reporting period. Although the number of newborns has dropped from last year's Dragon year, CCBC successfully implemented new marketing strategies to recruit targeted premium clientele, resulting in increasing cash flow whilst offsetting the effect of reduced volume and rising cost. Focused on the mid-high end market, CCBC recruited 376,623 accumulated subscribers, with 64,641 new subscribers signed up during the reporting period. Accordingly, revenue of CCBC increased 11.6% to HK$722,167,000 as compared to the previous reporting period. However, as a result of the fair value changes of the convertible notes issued to Kohlberg Kravis Roberts investment fund in April 2012, the resulting profit for the year of CCBC declined.

As the combined scale of Guangdong and Zhejiang markets is five to ten times larger than the Beijing market, CCBC stepped up the expansion plans in both Guangdong and Zhejiang markets during the reporting period. Both facilities are expected to be in use from the first half of fiscal 2015. Together with sound execution of sales and marketing strategy, the new storage facilities will allow us to speed up the penetration in both Guangdong and Zhejiang markets and serve as a catalyst for the future growth. At the same time, the Mainland China's government has relaxed its one-child policy during the reporting period, allowing couples for a second child if one of them is a single child. The Company believes the new child policy will promote a balanced mix of population, increase the potential market and create future demand for cord blood storage services.

Hospital Management Business

Being one of the Company's key growth drivers, Golden Meditech has been committed to providing high quality healthcare services to patients in the Mainland China through its hospital management business. We provide premium healthcare services to the high-end market segment in Shanghai and the surrounding neighbourhoods through the renowned hospital, Shanghai East International Medical Centre ("SEIMC") and have extended our reach by establishing Qinghe Hospital. Having started its trial run since December 2013, the Qinghe Hospital aims to provide high quality and comprehensive healthcare services to the general public in Beijing.

Located at Haidian District in Beijing with a total floor area of approximately 75,000 m^2, the Qinghe Hospital is designed to meet the highest healthcare standards in the Mainland China. The hospital specialised not only in haematology but also provides a broad range of medical disciplines such as obstetrics and gynaecology, paediatrics, ophthalmology and dentistry. The capacity of the Qinghe Hospital is about six times of the previous hospital, offering 600 beds of which 48 beds are haematology wards, to provide comprehensive and high quality hospital services to patients. In order to deliver high quality healthcare service to the general public, we work seamlessly with the Peking University People's Hospital at the Qinghe Hospital for securing the employment of highly competent medical personnel and the provision of quality hospital services.

Even though the Qinghe Hospital remains at the early stage of development, it has made progress in line with the management's expectation. The Company believes the financial performance of the Qinghe Hospital will be greatly improved in the near future, gaining momentum for the hospital management business and enhancing the competitiveness of the entire Group. Meanwhile, the SEIMC has continued to deliver significant contributions and is expected to further extend its market share through its renowned brand.

With a view to sustaining the healthy growth of the hospital management business, the Company focuses its resources on developing the two hospitals under its operations and restructured the management service contracts. As a result, the Group has increased its shareholdings in GM Hospital Group Limited to 82.7%, and at the same time made non-cash impairment provision of HK$448,048,000 and HK$61,698,000 respectively on the underlying intangible assets and trade receivables in accordance with current accounting standards. Such impairment losses are non-cash in nature and will not affect the strong fundamentals of both Qinghe Hospital and SEIMC, and the Group will save approximately HK$18,000,000 amoritsation charge on intangible assets each year.

As the Mainland China's government has pledged to deepen the healthcare reforms by encouraging private capital to enter into the hospital sector and widening national insurance coverage, patients are having more choices over the course of treatments. This allows patients to seek treatments at reputable hospitals, gaining impetus for our future development. Being a pioneer in the hospital management business, we have laid a solid foundation in such lucrative sector. As healthcare reforms continue to deepen, we expect demand for high quality healthcare services will rise, unveiling vast opportunities for us as we aim to maintain our leading position in the hospital management sector.

Medical Insurance Administration Business

The medical insurance administration business, GM-Medicare Management (China) Company Limited serves as a missing link by providing claim process and bill settlement services to medical insurance companies, hospitals and policy holders. During the reporting period, the Company devoted fruitful resources to enhance claim administration system, explore any market opportunities and let the end-users to gain better understanding of our business models. With our relentless efforts, the medical insurance administration business has been acknowledged and accredited by the market, and is now seeking collaborations with insurance companies and local governments. Although this business is at the early stage of development and has incurred losses, the management believes the extension of national medical insurance coverage and healthcare reforms will generate vast opportunities for this business to grow substantially.

MEDICAL DEVICES SEGMENT

A segmental financial breakdown of the Group's medical devices segment (currently consists of the manufacturing and sale of medical devices) is as follows:

	FY2013/14 (HK$'000)	FY2012/13 (HK$'000)
Revenue from medical devices	**143,207**	162,036
Revenue from medical accessories	**126,202**	115,206
Revenue from distribution of medical accessories	**4,792**	—
Selling and general administrative expenses	**47,446**	37,446
Profit before interests and tax	**136,459**	155,753
Profit after tax	**108,472**	115,661

During the reporting period, revenue from the medical devices segment amounted to HK$274,201,000, representing a slight decrease of 1.1% as compared to the previous corresponding period, accounting for 25.3% of the Group's total revenue.

Driven by healthcare reforms, the standard of the Mainland China's healthcare industry has been gradually improved, creating higher demand for prime quality medical devices and paving ways for the development of our flagship product, Autologous Blood Recovery System ("ABRS") and its consumables. The Company expects the demand for ABRS and its consumables will rise in the long-run as the Mainland China's government is promoting healthcare policies related to the clinical use of blood. As Golden Meditech develops and manufactures its blood related medical devices in the Mainland China, it has gained production and price advantages, enabling it to timely seize any opportunities arise from the healthcare reforms.

Capitalising on its existing business network, the Company has created a business platform to introduce prime quality foreign medical devices to the Mainland China. During the reporting period, its imported medical devices distribution business has started distribution of the AXP System, an automated device developed by NASDAQ-listed Cesca Therapeutics Inc. (NASDAQ:KOOL) and used for the process of extracting blood stem cells from cord blood.

STRATEGIC INVESTMENTS

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

	FY2013/14 (HK$'000)	FY2012/13 (HK$'000)
Revenue from Chinese herbal medicine business	**12,578**	25,504
Selling and general administrative expenses	**36,743**	45,842
Loss before interests and tax	**(32,684)**	(28,407)
Loss after tax	**(28,997)**	(24,822)
Share of profits of an associate	**39,573**	83,714

During the reporting period, the Company has announced the sale of 2,942 ordinary shares, representing approximately 27.9% of the issued share capital of Fortress (the special private vehicle which privatised previously NASDAQ-listed FunTalk China Holdings Limited in August 2011) to Sanpower Group Limited*（三胞集團有限公司）for a consideration of US$101,264,437 (equivalent to approximately HK$789,862,611).

In addition, the management undertook cost control measures to mitigate losses of Chinese herbal medicine business' overseas operations and recorded operating loss of HK$32,684,000 during the reporting period. The Company is exploring all options to unlock the commercial value of the Shanghai production facility.

GROUP STRATEGY AND OUTLOOK

Looking forward, Golden Meditech adheres to the view that the implementation of healthcare reforms in Mainland China is conducive to the long-term development of healthcare industry. Being one of the earliest entrants of the Mainland China's integrated healthcare industry, Golden Meditech is well-positioned to capitalise on this favourable environment for fostering the development and enhancing competitiveness of its healthcare services and medical devices businesses. Mainland China's enormous and fast-growing healthcare market is offering vast room for future growth and we are confident in the prospect of our core businesses. Through persistently improving operational efficiency of the healthcare service and medical devices segments, we are committed to sustaining long-term growth through our active and prudent approach. At the same time, we will continue to pursue viable opportunities along the value chain of healthcare industry for developing value-added businesses, allowing the market to fully acknowledge and appreciate the intrinsic value of our core businesses.

* English name is for identification purpose only.

GROUP FINANCIAL REVIEW

Our core businesses reported steady revenue growth for the year ended 31 March 2014 at HK$1,085,068,000, representing an increase of approximately 0.6%. The healthcare services segment remained the largest source of revenue and contributed HK$798,289,000, a 2.8% increase year-on-year, equivalent to 73.6% of the Group's total revenue. Revenue from the medical devices segment amounted to HK$274,201,000, which accounted for 25.3% of the Group's total revenue, with a slight decrease of 1.1% compared to the previous reporting period.

Gross Margin

The Group's gross profit margin slightly increased by 0.4 percentage point to 70.2% as compared to last year. Our core businesses, the healthcare services segment and the medical devices segment reported gross profit margins of 74.7% and 61.6% respectively, compared to 73.3% and 62.6% in the previous reporting period.

Selling and Administrative Expenses

The Group continued to enhance its marketing and business development initiatives across all business segments, particularly those in its hospital management business and cord blood storage business. Excluding the HK$61,698,000 one-time write-off of trade receivables as a consequence of the restructuring of the hospital management business, selling and administrative expenses incurred for the year totalled HK$547,112,000, up 6.1% compared to the previous reporting period. The management strictly monitors any expenditure to ensure costs are maintained at an acceptable level.

Other Net Loss

During the reporting period, the Group recorded other net loss of HK$36,625,000, as compared to a loss of HK$708,000 in the previous reporting period. Such fluctuation was mainly attributable to the HK$32,173,000 net realised and unrealised loss on trading securities as a result of the changes in market values, as opposed to a net gain of HK$2,517,000 in the previous reporting period.

Impairment Loss on Intangible Assets

As a consequence of the restructuring of the hospital management business upon the relocation to Qinghe Hospital, the Group made non-cash impairment provision on its underlying assets, and accordingly recorded HK$448,048,000 impairment loss on the hospital management service contract right, no such loss was recorded in the previous reporting period.

Impairment Loss on Available-for-sale Equity Securities

During the reporting period, the Group recorded HK$25,374,000 non-cash impairment loss on certain available-for-sale securities as a result of the decline in fair values, while no such loss was recorded in the previous reporting period.

GROUP FINANCIAL REVIEW (continued)

Operating (Loss)/Profit

During the reporting period, the Group recorded an operating loss of HK$303,001,000, as compared to an operating gain of HK$283,461,000 in the previous reporting period. Such fluctuation was largely attributable to the other net loss and impairment losses recorded by the Group during the year, details of which have been discussed in the above paragraphs. Excluding such losses, the Group recorded adjusted operating profit of HK$268,744,000, represented a 5.4% decrease as compared to the previous reporting period.

Finance Costs

The Group's finance costs for the year amounted to HK$33,384,000, represented a 41.5% decrease as compared to the previous reporting period. Such decrease was largely due to the capitalisation of finance costs to construction in progress during the year.

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

During the reporting period, the Group recorded a fair value loss of HK$353,208,000 as a result of changes in fair values of the convertible notes issued by the Company and CCBC, as compared to a loss of HK$21,469,000 in the previous reporting period. Such fluctuation was largely attributable to (i) as at 31 March 2014, the share price of CCBC rose to US$4.0 per share, which was approximately 40.9% above the conversion price of convertible notes issued by CCBC ("CCBC Convertible Notes"), and increment of interest charges, thus resulting in a significant increase in its fair value; and (ii) the fair value loss incurred as a result of the early redemption of the convertible notes issued by the Company during the reporting period.

Income Tax Credit/(Expense)

The Group's total income tax credit amounted to HK$31,160,000, as opposed to income tax expense of HK$89,964,000 in the previous reporting period. Such fluctuation was mainly attributable to the de-recognition of deferred tax liability of HK$112,012,000 upon the provision of the management service contract right of the hospital management business.

(Loss)/Profit Attributable to Equity Shareholders of the Company

During the reporting period, the Group recorded a loss attributable to equity shareholders of the Company of HK$429,081,000 as compared to a profit of HK$135,660,000 in the previous reporting period. Such fluctuation was mainly attributable to various one-off losses and fair value losses on financial assets and financial liabilities at fair value through profit or loss recorded during the year. Excluding such losses, adjusted profit attributable to equity shareholders of the Company was HK$86,464,000, representing a 18.5% decrease as compared to the previous reporting period.

Current Assets and Total Assets

As of 31 March 2014, the Group's total current assets and total assets were HK$4,075,841,000 and HK$9,613,145,000 (2013: HK$2,797,898,000 and HK$9,701,460,000), respectively.

Liquidity and Financial Resources

As of 31 March 2014, the Group's cash and bank deposits amounted to HK$2,797,974,000 (2013: HK$2,164,424,000); total interest-bearing debts stood at HK$1,618,700,000 (2013: HK$1,629,520,000), while share repurchase obligations have been fully settled during the year (2013: HK$130,228,000).

GROUP FINANCIAL REVIEW (continued)

Debt Ratio

On the basis of total interest-bearing debts divided by total equity, the Group's debt ratio was 27.7% as of 31 March 2014 (2013: 26.6%). From a long-term perspective, the management is committed to maintain an optimal and 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 associate and joint venture, the Group employed 1,680 full-time staff in Hong Kong and in Mainland China. During the reporting period, total staff costs (including directors' remuneration and the Mandatory Provident Fund) amounted to HK$250,897,000.

Details of the Group's Pledged Assets

The Group has pledged certain assets as collaterals for certain bank loans as of 31 March 2014 and 2013 as follows:

(i) The bank loans of certain subsidiaries of HK$201,385,000 (2013:HK$185,597,000) are secured by interests in leasehold land and buildings with a carrying amount of HK$231,284,000 (2013: HK$245,267,000).

(ii) The bank loan of the Company of HK$373,649,000 (2013:HK$362,749,000) is secured by the CCBC Convertible Notes and the ordinary shares issued to the Company upon and as a result of any conversion of the convertible notes in accordance with the terms of the CCBC Convertible Notes.

Dividend

As announced on 29 April 2014, subject to, inter alia, completion of the Disposal, the board of directors of the Company recommended the payment of a special dividend of HK3 cents per ordinary share of the Company of par value of HK$0.20 each, payable to shareholders whose names appeared on the register of members of the Company at the close of business on 10 June 2014 (the "Special Dividend").

Shareholders will be given an option to receive the Special Dividend in cash or an allotment of scrip shares in lieu of cash (the "Scrip Dividend Scheme"). Full details of the Scrip Dividend Scheme have been set out in the circulars of the Company dated 9 May 2014 and 19 June 2014. Dividend warrants and share certificates in respect of the Special Dividend will be dispatched to shareholders on or about 31 July 2014.

At the meeting of the board of directors of the Company held on 24 June 2014, the board of directors of the Company recommended the payment of a final dividend of HK2.6 cents per ordinary share of the Company of par value of HK$0.20 each for the year ended 31 March 2014 (the "2014 Final Dividend"). Shareholders will be given an option to receive the 2014 Final Dividend in cash or an allotment of scrip shares in lieu of cash (the "Scrip Dividend Arrangement"). The Scrip Dividend Arrangement is subject to: (1) the approval of the proposed 2014 Final Dividend and Scrip Dividend Arrangement at the forthcoming annual general meeting; and (2) The Hong Kong Stock Exchange Limited granting the listing of and permission to deal in the new shares to be allotted and issued under the Scrip Dividend Arrangement.

CORPORATE GOVERNANCE REPORT

The board (the "Board") of directors (the "Directors") of Golden Meditech Holdings Limited (the "Company" and together with its subsidiaries, the "Group") is pleased to present this Corporate Governance Report for the year ended 31 March 2014.

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

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

THE CG CODE

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

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

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

The Company has applied the principles as set out in the CG Code and complied with all the Code Provisions throughout the year ended 31 March 2014, except for Code Provision A.2.1 of the CG Code. It has also put in place certain Recommended Best Practices. The Board periodically reviews the corporate governance practices of the Company to ensure that they meet the requirements of the CG Code.

The Board

Responsibilities

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

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

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

Board Composition

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

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

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	*(Chairman of audit committee ("Audit Committee") and member of remuneration committee ("Remuneration Committee") and nomination committee ("Nomination Committee"))*
Mr. FENG Wen	*(Chairman of Remuneration Committee and Nomination Committee and member of Audit Committee)*
Mr. GAO Zong Ze	
Prof. GU Qiao	*(Member of Audit Committee, Remuneration Committee and Nomination Committee)*

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

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

Throughout the year ended 31 March 2014, the Company met the requirement of the Listing Rules relating to the appointment of at least three Independent Non-Executive Directors with at least one in possession of appropriate professional qualifications or accounting or related financial management expertise.

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

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

Corporate Governance Functions

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

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

During the year ended 31 March 2014, the Board has developed and reviewed the Company's corporate governance practices, including the revised terms of reference for the Nomination Committee and the adoption of the board diversity policy (the "Board Diversity Policy").

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

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

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

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

Appointment and Succession Planning of Directors

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

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

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

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

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

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

In accordance with Article 108 of the Articles of Association, Mr. KAM Yuen, Mr. LU Tian Long and Ms. ZHENG Ting shall retire by rotation at the forthcoming annual general meeting to be held on 19 September 2014 (the "2014 AGM"), being eligible, offer themselves for re-election.

The Board recommends the re-appointment of the said Directors, whose biographical details are contained in the circular to be sent to the shareholders before the 2014 AGM.

Ms. ZHENG Ting, a Non-Executive Director, entered into a service contract with the Company for a term of three years commencing on 23 August 2012 provided that at any time during the term of appointment, either party may terminate the appointment by giving to the other not less than 30 days' notice in writing.

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

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

Prof. GU Qiao entered into a service contract with the Company for a term of one year commencing on 25 September 2013 as an Independent Non-Executive Director provided that at any time during the term of appointment, either party may terminate the appointment by giving to the other not less than 30 days' notice in writing.

Mr. FENG Wen entered into a service contract with the Company for a term of one year commencing on 25 September 2013 as an Independent Non-Executive Director provided that at any time during the term of appointment, either party may terminate the appointment by giving to the other not less than 30 days' notice in writing.

Mr. GAO Zong Ze, an Independent Non-Executive Director, entered into a service contract with the Company for a term of one year commencing on 24 September 2013 provided that at any time during the term of appointment, either party may terminate the appointment by giving to the other not less than 30 days' notice in writing.

Prof. CAO Gang, an Independent Non-Executive Director, entered into a service contract with the Company for a term of one year commencing on 24 September 2013 provided that at any time during the term of appointment, either party may terminate the appointment by giving to the other not less than 30 days' notice in writing.

Directors' Training and Professional Development

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

During the year, all Directors have been provided with training materials to develop and refresh their professional skills. The Directors had provided records of the training and fulfilled the relevant requirements under A.6.5 of the CG Code.

The company secretary of the Company (the "Company Secretary") maintains records of training attended by the Directors. The current Directors participated in continuous professional development by attending seminar on the following topic to develop and refresh their knowledge and skills:

Directors	**Continuous responsibilities and conducts of Directors**
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	√

Directors' and Officers' Liabilities Insurance

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

Chairman and Chief Executive

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

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

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

Board Meetings

Regular Board meetings are held at least 4 times a year at approximately quarterly intervals. During the year ended 31 March 2014, 18 Board meetings were held.

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

	Attendance/Number of Meetings				
Directors	**Board**	**Audit Committee**	**Remuneration Committee**	**Nomination Committee**	**Annual General Meeting**
Executive Directors:					
Mr. KAM Yuen *(Chairman)*	18/18	N/A	N/A	N/A	1/1
Mr. LU Tian Long	18/18	N/A	N/A	N/A	1/1
Mr. KONG Kam Yu	18/18	N/A	N/A	N/A	1/1
Mr. YU Kwok Kuen, Harry	18/18	N/A	N/A	N/A	1/1
Non-Executive Director:					
Ms. ZHENG Ting	18/18	N/A	N/A	N/A	1/1
Independent Non-Executive Directors:					
Prof. CAO Gang	18/18	2/2	2/2	2/2	1/1
Mr. FENG Wen	18/18	2/2	2/2	2/2	1/1
Mr. GAO Zong Ze	18/18	N/A	N/A	N/A	1/1
Prof. GU Qiao	18/18	2/2	2/2	2/2	1/1

Conduct of Meetings

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

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

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

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

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

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

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

Audit Committee

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

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

The Audit Committee's primary duties include the following:

- to make recommendations to the Board on the appointment, re-appointment and removal of external auditors and to assess their independence and performance, and also to approve the remuneration and terms of engagement of the external auditors;
- to review the Company's financial statements and make sure that they are complete, accurate and fair before submission to the Board;
- to consider any significant or unusual items raised by the Company's staff responsible for the accounting and financial reporting function, compliance officer or external auditors;
- to ensure compliance with the applicable accounting standards and regulatory requirements on financial reporting and disclosure; and
- to ensure effectiveness of the financial reporting process, as well as internal controls and risk management systems of the Group and to monitor the integrity thereof.

The Audit Committee held 2 meetings during the year. Working closely with the management of the Company, the Audit Committee has reviewed the Company's annual and interim results, the accounting principles and practices adopted by the Group; discussed with the Board and management on internal controls, risk management and financial reporting matters, and reviewed the independence and performance of the external auditors. The Company's annual results for the year ended 31 March 2014 have been reviewed by the Audit Committee.

Executive Committee

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

Open Offer Committee

The Company established an open offer committee (the "Open Offer Committee") in December 2013 for the purpose of reviewing and approving certain matters in relation to the open offer on the basis of one offer share ("Offer Share") for every two shares held by eligible shareholders on 6 December 2013 (the "Open Offer") of the Company. The Open Offer Committee comprises any two Directors. The primary functions of the Open Offer Committee include making and approving amendments to the Open Offer documents, confirming the contents of the verification notes and any further amendments, approving the basis of allotment for the publications in Hong Kong and in Taiwan, allotting the Offer Shares pursuant to Open Offer, issuing the relevant share certificates and authorising the Company Secretary or the share registrar of the Company to update the register of members and all relevant books and records of the Company. Meetings of the Open Offer Committee may be convened by any of its members and shall be held as its work demands.

Remuneration Committee

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

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

The principal responsibilities of the Remuneration Committee include the following:

- to make recommendations to the Board on the Company's policy and structure for all remuneration of Directors and senior management of the Company;
- to determine the specific remuneration packages of all Executive Directors and senior management of the Company and to make recommendations to the Board on the remuneration of the Non-Executive Directors; and
- to establish a formal and transparent procedure for developing the remuneration policy and structure and to ensure that no Director participates in deciding his/her own remuneration.

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

Meetings of the Remuneration Committee are held at least once a year and additional meetings may be held as required. During the year, the Remuneration Committee held 2 meetings and has assessed the performance of each of the Executive Directors and certain senior management staff of the Company and made decisions regarding the payment of discretionary bonus and reviewed the remuneration and compensation packages for certain independent non-executive Directors.

The remuneration of the senior management (comprising Executive Directors) of the Company for the year ended 31 March 2014 by band is set out below:

Remuneration band (HK$)	**Number of individuals**
$1 to $1,000,000	6
$1,000,001 to $2,000,000	1
$2,000,001 to $3,000,000	—
$3,000,001 to $4,000,000	—
$4,000,001 to $5,000,000	—
$5,000,001 to $6,000,000	1
$6,000,001 to $7,000,000	3

Further details of the Executive Directors' remuneration for the year ended 31 March 2014 are disclosed in note 9 to the financial statements contained in this annual report.

Nomination Committee

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

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

The principal responsibilities of the Nomination Committee include the following:

- to review the structure, size and composition (including the skills, knowledge and experience) of the Board at least annually and make recommendations on any proposed changes to the Board to complement the Company's corporate strategy;
- to identify individuals suitably qualified to become Board members and select or make recommendations to the Board on the selection of individuals nominated for directorships;
- to assess the independence of Independent Non-Executive Directors;
- to make recommendations to the Board on the appointment or re-appointment of Directors and succession planning for Directors, in particular the chairman and chief executive;
- to review the Board Diversity Policy, as appropriate, and review the measurable objectives that the Board has set for implementing the Board Diversity Policy, and the progress on achieving the objectives; and make disclosure of its review results in the Corporate Governance Report annually;
- to do any such things to enable the Nomination Committee to discharge its powers and functions conferred on it by the Board; and
- to conform to any requirement, direction, and regulation that may from time to time be prescribed by the Board or contained in the Articles of Association or imposed by legislation.

Meetings of the Nomination Committee are held at least once a year and additional meetings may be held as required. During the year, the Nomination Committee held 2 meetings and has made recommendations to the Board regarding the re-appointment of Directors and the Board Diversity Policy.

Internal Controls

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

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

Currently, the Group has established an internal audit function. The Board has reviewed the internal controls system of the Group which covered a number of key areas of financial, operational, compliance, and risk management functions, and the results of the internal control review were submitted to the Audit Committee for consideration. The Audit Committee has reviewed the results of the internal control review and is satisfied that the Group's system of internal controls is sound and adequate.

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

Directors' Securities Transactions

The Company has adopted the model code for securities transactions by directors of listed issuers as set out in Appendix 10 to the Listing Rules ("the Model Code") as its own code of conduct regarding Directors' securities transactions. Specific enquiries by the Company indicate that all Directors have complied with the required standard of dealings for the year ended 31 March 2014.

Company Secretary

The Company Secretary is a full time employee of the Company and has day-to-day knowledge of the Company's affairs. The Company Secretary reports to the Chairman and is responsible for advising the Board on governance matters. The Company Secretary has confirmed that he has taken no less than 15 hours of relevant professional training during the year ended 31 March 2014. The biography of the Company Secretary is set out on page 34 of this annual report.

Accountability and Audit

The Board is responsible for presenting a balanced, clear and understandable assessment of the Group's financial position and prospects. In preparing the financial statements for the year ended 31 March 2014, the Directors have selected suitable accounting policies and applied them consistently. The Directors have also made judgements and estimates that are prudent and reasonable and have prepared the financial statements on a going concern basis. There are no material uncertainties or events that may cast significant doubt on the Company's ability to continue as a going concern.

KPMG, the external auditors of the Company, acknowledge their responsibilities for the audit of the consolidated financial statements of the Company for the year ended 31 March 2014 in the Independent Auditor's Report included in this annual report.

For the year ended 31 March 2014, the fees payable to the external auditors for audit services were HK$13,901,000 and the fees paid for other services were HK$1,049,000.

Constitutional Documents

Pursuant to the special resolution passed at the extraordinary general meeting held on 3 June 2014, the following amendments were made to the Articles of Association: (i) to consolidate the shares of the Company on the basis of every two issued and unissued shares of the Company of HK$0.10 each into one consolidated share of HK$0.20 each (the "Consolidated Share") in the capital of the Company; and (ii) to increase authorised share capital of the Company from HK$400,000,000 to HK$600,000,000.

Details of the amendments to the Articles of Association are set out in the circular of the Company dated 9 May 2014.

Shareholders' Rights

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

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

Putting enquiries to the Board

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

Investor Relations

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

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

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

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

BIOGRAPHICAL DETAILS OF DIRECTORS AND SENIOR MANAGEMENT

DIRECTORS

Executive Directors

Mr. KAM Yuen (甘源), aged 52, is the Chairman, Chief Executive and Compliance Officer of the Company, and the founder of the Group. Mr. Kam is a director of several subsidiaries of the Company, he is also the chairman of China Cord Blood Corporation ("CCBC"), and the non-executive chairman of Life Corporation Limited, formerly known as Cordlife Limited, a company listed on the Australian Securities Exchange. He is responsible for the Group's overall strategic planning. Mr. Kam graduated from the Beijing Second Foreign Languages Institute, the People's Republic of China (the "PRC") (北京第二外國語學院) in 1985 and has over 20 years of management experience in international business. Mr. Kam is the sole director of Bio Garden Inc., which has an interest in the share capital of the Company as disclosed under the provisions of Part XV of the Securities and Futures Ordinance.

Mr. LU Tian Long (魯天龍), aged 62, has been an Executive Director of the Company since September 2001. He is the chairman of the medical devices operation. He has been responsible for the production, operations and overall management of the medical devices operation for years and has extensive experiences in managing high-tech firms. He was granted a PhD. degree in business administration by the Victoria University of Switzerland in March 2008. Besides, he published many research reports and thesis on management of high-tech enterprises, including one focusing on "applying knowledge management for strategic development among China's high-tech firms".

Mr. KONG Kam Yu (江金裕), aged 45, has been an Executive Director of the Company since September 2012. He is also the Qualified Accountant and Company Secretary of the Company and a director of several subsidiaries of the Company. He is now a non-executive director of Life Corporation Limited. He joined the Group in 2001, and is responsible for the Group's finances, corporate projects and company secretarial matters. Mr. Kong is a member of The Hong Kong Institute of Certified Public Accountants and The Institute of Chartered Accountants in England and Wales. Prior to joining the Group, Mr. Kong worked with a leading international accounting firm.

Mr. YU Kwok Kuen, Harry (余國權), aged 45, has been an Executive Director of the Company since September 2012. He is also the Chief Operating Officer of the Company. He joined the Group in August 2011. Mr. Yu has a master's degree in Business Administration from Manchester Business School and is an Associate of The Institute of Chartered Accountants in England and Wales, a Registered Accountant in Macau Special Administrative Region, and Fellows of both the Hong Kong Institute of Certified Public Accountants and the Chartered Association of Certified Accountants. Prior to joining the Group, Mr. Yu was a partner at a leading international accounting firm.

Non-Executive Director

Ms. ZHENG Ting (鄭汀), aged 42, is a Non-Executive Director of the Company and a director of several subsidiaries of the Company. She is an advisor on healthcare services segment of the Group. Ms. Zheng is also the chief executive officer of CCBC and is responsible for the strategic management of that segment. Ms. Zheng joined the Group in September 2001. Ms. Zheng graduated from Renmin University of China (中國人民大學) in 1996 where she subsequently received an EMBA degree.

Independent Non-Executive Directors

Prof. CAO Gang (曹岡), aged 70, is an Independent Non-Executive Director, the chairman of the Audit Committee and a member of the Remuneration Committee and the Nomination Committee. He joined the Group in September 2004. Prof. Cao is a professor of Accountancy. He qualified as one of the first group of registered accountants in the PRC in 1983 and is currently a committee member of the Examination Committee of the Association of the Registered Accountants of the PRC.

Mr. FENG Wen (馮文), aged 46, is an Independent Non-Executive Director, a member of the Audit Committee and the chairman of the Remuneration Committee and the Nomination Committee. He joined the Group in September 2012. He is currently the secretary to the board of directors of China Investment Development Co., Ltd. (中投發展有限責任公司) and an independent director of Beijing Boer Communication Technology Co., Ltd. (北京玻爾通信技術股份有限公司). Mr. Feng had worked for the General Office of the Ministry of Health of the PRC and a number of military hospitals for over 20 years. Mr. Feng graduated from the Medical Department of the Third Military Medical University in 1992 and obtained a master's degree from the School of Public Administration, Renmin University of China (中國人民大學) in 2006.

Mr. GAO Zong Ze (高宗澤), aged 74, is an Independent Non-Executive Director of the Company. He joined the Group in September 2001. Mr. Gao is a qualified lawyer in the PRC, and has been a National Committee member of China's Chinese People's Political Consultative Conference (中國人民政治協商會議) and the president of the All China Lawyers' Association, the PRC (中華全國律師協會). Mr. Gao graduated from the Graduate School of the China Academy of Social Sciences, the PRC, (中國社會科學院) in 1981.

Prof. GU Qiao (顧樵), aged 67, is an Independent Non-Executive Director, a member of the Audit Committee, the Remuneration Committee and the Nomination Committee. He joined the Group in September 2001. Prof. Gu is a scientist in quantum-optics, biophysics and biological photonics and an Associate Professor of the Northwest University, the PRC (中國西北大學). He is also a member of the International Institute of Biophysics, Germany (德國生物物理國際研究院). Prof. Gu received his doctoral degree from the Northwest University, the PRC, in 1989.

SENIOR MANAGEMENT

Mr. GAO Guang Pu (高光譜), aged 51, Deputy General Manager of the medical devices operation. He joined the Group in October 1997, and is responsible for the production, operations and overall management of the medical devices operation. He is also responsible for various aspects of the production technology, including product standards, production procedures and technological improvements of the medical devices operation. Mr. Gao graduated from the English Language Department of Bejing Second Foreign Language Institute.

Mr. JING Jian Zhong (經建中), aged 60, is the Vice President of the Group, the chief executive officer of Golden Meditech (Shanghai) Company Limited and the Chief Representative of the Group's Office in Shanghai and is responsible for the overall operation of the Group. He joined the Group in May 2008. He graduated from the Shanghai University of Chinese Medicines and has 15 years of investment and business development experiences in healthcare industry in addition to 20 years of clinical practices and teaching.

Mr. SHAO Bao Ping (邵寶平), aged 48, chief executive officer of the Chinese herbal medicine operation, is in charge of the Chinese herbal medicine operation's daily operations. He joined the Group in August 2005. Mr. Shao obtained his master's degree from the Shanghai Institute of Materia Medica, Chinese Academy of Sciences and has extensive work experience in the fields of pharmacology and herbal medicine. Mr. Shao has held key position in well-known enterprises in the PRC and has extensive corporate management experience.

Mr. DING Wei Zhong (丁偉中), aged 65, is the chief executive officer of GM-Medicare Management (China) Company Limited, having specialised in the medical and medical insurance management industry since 1998. He joined the Group in April 2010. Prior to relocating to the United States, Mr. Ding has held senior positions at the Aviation Industry Office of the Shanghai Municipal Government and China Airlines Group, in addition to serving as the chief executive officer of the United Nations Institute for Training and Research (UNITAR) – CIFAL Network. Mr. Ding has a Bachelor's degree from Zhengzhou Institute of Aeronautical College and a Bachelor's degree in Economics from Fudan University, Shanghai.

Mr. ZHANG Jin Feng (張錦鋒), aged 50, is the chief executive officer of the hospital management operation and is responsible for its daily operation and management. He joined the Group in July 2010. Mr. Zhang graduated from Shanghai Jiao Tong University with degree in clinical medicines and has over 20 years of relevant experiences working as a doctor in a Triple-A hospital and in business management. He used to serve as Director of Shanghai Center for Clinical Laboratory and Deputy General Manager of a domestically-listed high-tech firm.

Mr. HUANG Fan (黃帆), aged 40, is chief executive officer of the medical device business. He joined the Group in 2004 and has been responsible for the research and development, production, sales and management of the business. Mr. Huang has been engaged in the securities industry for many years and has extensive experience in business management. Prior to joining the Group, he has been participated in the preliminary preparatory works of state-owned comprehensive securities company. Mr. Huang graduated from the Beijing Institute of Technology, majoring in management.

Mr. CHEN Bing Chuen Albert (陳炳泉), aged 38, serves as the chief financial officer and the executive director of CCBC. He is in charge of CCBC's finance-related matters, including accounting and budget planning. He joined the Group in 2005. Mr. Chen is also involved in CCBC's corporate structuring and development, including mergers and acquisitions, and investment in foreign healthcare companies. Prior to joining the Company, Mr. Chen worked in a number of financial institutions, including SalomonSmithBarney, DBS Vickers Securities and UOB Kay Hian in Hong Kong. During his employment as an analyst in UOB Kay Hian from 2003 to March 2005, he was a senior analyst specialising in the pharmaceutical and healthcare industries and was ranked as one of the best analysts for small cap companies in the region in a poll conducted by Asia Money among brokers in 2003. Mr. Chen is a CFA charterholder. He received his bachelor's degree in commerce from Queen's University, Canada, School of Business in 1999 with a major in finance and accounting.

REPORT OF THE DIRECTORS

The directors of Golden Meditech Holdings Limited (the "Company" and together with its subsidiaries, the "Group") (the "Directors") have pleasure in submitting their annual report together with the audited financial statements of the Group for the year ended 31 March 2014.

PRINCIPAL PLACE OF BUSINESS

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

PRINCIPAL ACTIVITIES

The principal activity of the Company is investment holding. The principal activities and other particulars of the subsidiaries are set out in note 18 to the financial statements.

An analysis of the Group's revenue, (loss)/profit, assets and liabilities by operating segments is set out in note 14 to the financial statements.

MAJOR CUSTOMERS AND SUPPLIERS

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

	Percentage of the Group's total	
	Sales	**Purchases**
The largest customer	14%	
Five largest customers in aggregate	22%	
The largest supplier		7%
Five largest suppliers in aggregate		31%

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

FINANCIAL STATEMENTS

The results and cash flow of the Group for the year ended 31 March 2014 and the state of the Company's and the Group's affairs as at that date are set out in the financial statements on pages 55 to 172 of this annual report.

RESERVES AND DIVIDENDS

Loss attributable to equity shareholders of the Company of HK$429,081,000 (2013: profit of HK$135,660,000) have been transferred to reserves. Other movements in reserves of the Group during the year are set out in the consolidated statement of changes in equity on pages 61 to 62 of this annual report.

As at 31 March 2014, the Company's reserves available for distribution amounted to HK$3,047,899,000 (2013: HK$2,575,444,000).

As announced on 29 April 2014, subject to, inter alia, completion of the disposal of 2,942 ordinary shares of Fortress Group Limited ("Fortress"), representing approximately 27.9% of the issued share capital of Fortress (the "Disposal"), the board of Directors (the "Board") recommended the payment of a special dividend of HK3 cents per ordinary share of the Company of par value of HK$0.20 each (the "Consolidated Share"), payable to shareholders whose names appeared on the register of members of the Company at the close of business on 10 June 2014 (the "Special Dividend").

Shareholders will be given an option to receive the Special Dividend in cash or an allotment of scrip shares in lieu of cash (the "Scrip Dividend Scheme"). Full details of the Scrip Dividend Scheme have been set out in the circulars of the Company dated 9 May 2014 and 19 June 2014. Dividend warrants and share certificates in respect of the Special Dividend will be dispatched to shareholders on or about 31 July 2014.

FINAL DIVIDEND

The Board recommended the payment of a final dividend of HK2.6 cents per Consolidated Share in respect of the year ended 31 March 2014 (the "2014 Final Dividend") (2013: HK2.6 cents per Consolidated Share).

Shareholders will be given an option to receive the final dividend in cash or an allotment of scrip shares in lieu of cash (the "Scrip Dividend Arrangement"). The Scrip Dividend Arrangement is subject to: (1) the approval of proposed 2014 Final Dividend and Scrip Dividend Arrangement at the forthcoming annual general meeting; and (2) The Stock Exchange of Hong Kong Limited (the "Stock Exchange") granting the listing of and permission to deal in the new shares to be allotted and issued under the Scrip Dividend Arrangement. Full details of the Scrip Dividend Arrangement will be set out in a circular to be dispatched to the shareholders.

CHARITABLE DONATIONS

Charitable donations made by the Group during the year amounted to HK$nil (2013: HK$nil).

FIXED ASSETS

Details of the movements in fixed assets are set out in note 15 to the financial statements.

SHARE CAPITAL

Details of the movements in the share capital of the Company during the year are set out in note 36(b) to the financial statements.

On 25 November 2013, 6,553,252 scrip shares were issued by the Company in accordance with the scrip dividend scheme in relation to the final dividend of HK1.3 cents per ordinary share of the Company of par value of HK$0.10 each (with scrip alternative) for the year ended 31 March 2013.

During the year, the Company has raised approximately HK$570 million, before expenses, by way of an open offer on the basis of one offer share of par value of HK$0.10 each ("Offer Share") for every two ordinary shares of the Company of par value of HK$0.10 each at the subscription price of HK$0.50 per Offer Share payable in full on application (the "Open Offer"). On 2 January 2014, 1,139,195,777 Offer Shares were issued by the Company in accordance with the Open Offer. For details, please refer to the announcements dated 19 November 2013 and 31 December 2013 and circular dated 9 December 2013 of the Company.

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

On 2 January 2014, the Company issued 1,139,195,777 Offer Shares in accordance with the Open Offer.

Centain event (the "Relevant Event") occurred during the year ended 31 March 2014 which allowed the noteholders to request the Company to redeem all of the outstanding convertible notes in an aggregate principal amount of US$10,600,000 plus accrued interest and any additional interest for the Relevant Event in accordance with the terms and conditions to the convertible notes.

In January 2014, the Company redeemed all of the outstanding convertible notes issued by the Company at the total amount of HK$157,434,000 in cash.

Save as disclosed above, during the year ended 31 March 2014, neither the Company nor any of its subsidiaries purchased, redeemed or sold any of the Company's listed and unlisted securities.

PRE-EMPTIVE RIGHTS

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

DIRECTORS

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

Executive Directors

Mr. KAM Yuen *(Chairman)*
Mr. 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

In accordance with Article 108 of the Articles of Association, Mr. KAM Yuen, Mr. LU Tian Long and Ms. ZHENG Ting will retire at the 2014 annual general meeting and, being eligible, offer themselves for re-election.

The biographical details of the Directors and senior management are set out on pages 34 to 36 of this annual report. Details of the emoluments of the Directors and the five highest paid individuals are set out in notes 9 and 10 to the financial statements, respectively.

DIRECTORS' SERVICE CONTRACTS

Executive Directors

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

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

Non-Executive Director

Ms. ZHENG Ting entered into a service contract as a Non-Executive Director with the Company for a term of three years commencing on 23 August 2012 provided that at any time during the term of appointment, either party may terminate the appointment by giving to the other not less than 30 days' notice in writing.

Independent Non-Executive Directors

Mr. FENG Wen entered into a service contract with the Company for a term of one year commencing on 25 September 2013 as an Independent Non-Executive Director provided that at any time during the term of appointment, either party may terminate the appointment by giving to the other not less than 30 days' notice in writing.

Prof. GU Qiao entered into a service contract with the Company for a term of one year commencing on 25 September 2013 as an Independent Non-Executive Director provided that at any time during the term of appointment, either party may terminate the appointment by giving to the other not less than 30 days' notice in writing.

Mr. GAO Zong Ze, an Independent Non-Executive Director, entered into a service contract with the Company for a term of one year commencing on 24 September 2013 provided that at any time during the term of appointment, either party may terminate the appointment by giving to the other not less than 30 days' notice in writing.

Prof. CAO Gang, an Independent Non-Executive Director, entered into a service contract with the Company for a term of one year commencing on 24 September 2013 provided that at any time during the term of appointment, either party may terminate the appointment by giving to the other not less than 30 days' notice in writing.

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

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

As at 31 March 2014, 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 are taken or deemed to have under such provisions of the SFO), or which were required, pursuant to section 352 of the SFO, to be entered in the register referred to therein, or, which were required, pursuant to the model code (the "Model Code") as set out in Appendix 10 of the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules") to be notified to the Company and the Stock Exchange were as follows:

(a) The Company

		Long positions Number of ordinary shares of HK$0.10 each			
Name of Directors	**Capacity and nature of interests**	**Number of ordinary shares of HK$0.10 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	682,550,000[(1)]	—	682,550,000	19.97%
	Beneficial owner	—	77,243,309[(2)]	77,243,309	2.26%
Mr. LU Tian Long	Beneficial owner	—	6,916,666[(2)]	6,916,666	0.20%
Mr. KONG Kam Yu	Beneficial owner	—	10,029,167[(2)]	10,029,167	0.29%
Ms. ZHENG Ting	Beneficial owner	—	8,761,111[(2)]	8,761,111	0.26%

Notes:

(1) Mr. KAM Yuen was deemed under the SFO to have an interest in 682,550,000 shares beneficially owned by Bio Garden Inc. ("Bio Garden"), a company incorporated in the British Virgin Islands ("BVI"), as at 31 March 2014 by virtue of his being the founder of certain discretionary trusts which owned the entire issued share capital of Bio Garden.

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

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

(b) China Cord Blood Corporation ("CCBC"), a subsidiary of the Company as at 31 March 2014

		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%
Mr. KONG Kam Yu	Beneficial owner	282,193	282,193	0.39%
Ms. ZHENG Ting	Beneficial owner	1,071,994	1,071,994	1.47%

Save as disclosed above, as at 31 March 2014, none of the Directors or the Chief Executive of the Company or their respective associates had any interests or short positions in the shares or, in respect of equity derivatives, underlying shares in, or debentures of, the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which would have to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they are taken or deemed to have under such provisions of the SFO) or which were required, pursuant to section 352 of the SFO, to be entered in the register referred to therein, or, were required, pursuant to the Model Code, to be notified to the Company and the Stock Exchange.

SHARE OPTION SCHEMES

Share option schemes of the Company

The principal terms of the share option schemes of the Company are summarised in note 38 to the financial statements. The share option schemes have been terminated and no further share options will be granted under the schemes. In respect of the share options previously granted and which remained exercisable on or before the dates of termination, they shall continue to be exercisable subject to the terms of the share option schemes.

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

Name of Directors and employees	Date of grant	Number of underlying shares in respect of which share options were outstanding as at 1 April 2013	Numbers of underlying shares in respect of which share options were exercised during the year ended 31 March 2014	Adjustment for the Open Offer[4]	Number of underlying shares in respect of which share options were outstanding as at 31 March 2014[4]	Adjusted Exercise price[4] HK$	Market value per share at grant date HK$
Mr. KAM Yuen	30 March 2005[1]	63,206,245	—	9,656,509	72,862,754	1.527	1.56
	27 April 2009[3]	3,800,000	—	580,555	4,380,555	0.998	1.14
Mr. LU Tian Long	4 March 2005[2]	400,000	—	61,111	461,111	1.388	1.60
	27 April 2009[3]	5,600,000	—	855,555	6,455,555	0.998	1.14
Mr. KONG Kam Yu	4 March 2005[2]	2,000,000	—	305,556	2,305,556	1.388	1.60
	27 April 2009[3]	6,700,000	—	1,023,611	7,723,611	0.998	1.14
Ms. ZHENG Ting	4 March 2005[2]	2,000,000	—	305,556	2,305,556	1.388	1.60
	27 April 2009[3]	5,600,000	—	855,555	6,455,555	0.998	1.14
Full-time employees	4 March 2005[2]	9,870,000	—	1,507,915	11,377,915	1.388	1.60
(other than Directors)	27 April 2009[3]	23,633,000	—	3,610,599	27,243,599	0.998	1.14
		122,809,245	—	18,762,522	141,571,767		

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

SHARE OPTION SCHEMES (continued)

Share option schemes of the Company (continued)

Notes:

(1) The share options are exercisable as to:

- (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) The exercise price of the outstanding share options and the number of shares that can be subscribed for upon exercise of the outstanding share options had been adjusted after completion of the Open Offer on 2 January 2014.

(5) Save as disclosed above, no share options granted under the share option schemes of the Company were exercised, cancelled or lapsed during the year ended 31 March 2014.

DIRECTORS' RIGHTS TO ACQUIRE SHARES OR DEBENTURES

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

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

As at 31 March 2014, the interests and short positions of the shareholders (not being Directors or 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 interests	No. of issued shares/ underlying shares	Approximate percentage of the Company's issued share capital
Bio Garden[(1)]	Beneficial owner	682,550,000[(4)]	19.97%
Magic Master Holdings Limited ("Magic Master")[(2)]	Interest of controlled corporation	682,550,000[(4)]	19.97%
Magic Glory Holdings Limited ("Magic Glory")[(2)]	Interest of controlled corporation	682,550,000[(4)]	19.97%
Credit Suisse Trust Limited[(2)]	Trustee	682,550,000[(4)]	19.97%
Fiducia Suisse SA (Formerly known as "KF Suisse SA")[(3)]	Trustee	682,550,000[(4)]	19.97%
Mr. David Henry Christopher Hill[(3)]	Interest of controlled corporation	682,550,000[(4)]	19.97%
Mrs. Rebecca Ann Hill[(3)]	Interest of children under 18 or spouse	682,550,000[(4)]	19.97%
Mr. Kent C. McCarthy ("Mr. McCarthy")[(5)]	Interest of controlled corporation	499,182,487	14.61%
Jayhawk Private Equity Fund II, L.P. ("Jayhawk Equity")[(5)]	Investment manager	315,496,677	9.23%
New Horizon Capital III, L.P.[(6)]	Interest of controlled corporation	616,651,800	18.04%
New Horizon Capital Partners III Limited ("New Horizon")[(6)]	Interest of controlled corporation	616,651,800	18.04%
Hope Sky Investments Limited ("Hope Sky")[(6)]	Beneficial owner	419,016,666	12.26%

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% interest	Capacity and nature of interests	No. of issued shares/ underlying shares	Approximate percentage of the Company's issued share capital
Top Strength Holdings Limited ("Top Strength")[6]	Interest of controlled corporation	197,635,134	5.78%

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 682,550,000 shares as at 31 March 2014. Gold Rich and Gold View were wholly-owned by Magic Master and Magic Glory, respectively. Each of Magic Master and Magic Glory was indirectly wholly-owned by Credit Suisse Trust Limited as trustee of certain discretionary trusts as referred to in (1) above. Accordingly, each of Magic Master, Magic Glory and Credit Suisse Trust Limited was deemed, under the SFO, to have an interest in the 682,550,000 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 682,550,000 shares as at 31 March 2014. 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 682,550,000 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) were deemed, under the SFO, to have an interest in the 682,550,000 shares held by Fiducia Suisse SA.

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

(5) The individual substantial shareholder notice filed by Mr. McCarthy indicated that among 499,182,487 shares, 34,490,583 shares was long position in underlying shares under equity derivative interests. Mr. McCarthy held his interests in the shares of the Company (including underlying shares under equity derivative interests) through his 100% controlled corporations which include Jayhawk Equity. As such, Mr. McCarthy was deemed to be interested in 499,182,487 Shares under the SFO.

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

Save as disclosed above, as at 31 March 2014, the Directors are not aware of any other person or corporation having an interest or short position in the shares or underlying shares of the Company representing 5% or more of the issued share capital of the Company.

SUFFICIENCY OF PUBLIC FLOAT

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

DIRECTORS' INTERESTS IN CONTRACTS

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

INTEREST-BEARING AND OTHER BORROWINGS

Particulars of interest-bearing and other borrowings of the Group and the Company as at 31 March 2014 are set out in notes 30, 31, 33 and 34 to the financial statements.

RETIREMENT SCHEMES

Details of the Group's retirement schemes are set out in note 42 to the financial statements.

FIVE-YEAR FINANCIAL SUMMARY

A summary of the results and of the assets and liabilities of the Group for the last five financial years is set out on pages 173 and 174 of this annual report.

CORPORATE GOVERNANCE

A report on the principal corporate governance practices adopted by the Company is set out on pages 18 to 33 of this annual report.

COMPETITION AND CONFLICT OF INTERESTS

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

CONNECTED TRANSACTIONS

On 19 November 2013, Bio Garden, Jayhawk Capital Management L.L.C. ("Jayhawk Capital"), Hope Sky and the Company entered into the underwriting agreement (the "Underwriting Agreement") in relation to the underwriting of the untaken shares under the Open Offer. Pursuant to the Underwriting Agreement, Bio Garden, Jayhawk Capital and Hope Sky received an underwriting fee of HK$1,452,220, HK$1,185,395 and HK$1,347,810 respectively.

Bio Garden is an investment holding company incorporated in the BVI with limited liability. It was wholly-owned by certain discretionary trusts of which Mr. Kam Yuen, the Chairman of the Company, was the founder. Bio Garden was a substantial shareholder of the Company and was therefore a connected person of the Company.

Jayhawk Capital is a limited liability company established in Delaware of the United States whose principal business is investment management. It was 100% controlled by Mr. McCarthy, a deemed substantial shareholder of the Company as at the date of entering into the Underwriting Agreement. Accordingly, Jayhawk Capital was an associate of Mr. McCarthy and was therefore a connected person of the Company.

Hope Sky is an investment holding company incorporated in the BVI and was controlled by New Horizon through New Horizon Capital III, L.P., a deemed substantial shareholder of the Company holding approximately 18.10% of the issued share capital of the Company as at the date of entering into the Underwriting Agreement. Accordingly, Hope Sky was an associate of New Horizon and was therefore a connected person of the Company.

The payments of the underwriting fee to each of Bio Garden, Jayhawk Capital and Hope Sky (as underwriters) constitute connected transactions for the Company under Chapter 14A of the Listing Rules.

For details, please refer to the announcement dated 19 November 2013 regarding the Open Offer of the Company.

RELATED PARTY TRANSACTIONS

Details of the related party transactions undertaken by the Group during the year ended 31 March 2014 are set out in note 43 to the financial statements. The Company has complied with the applicable requirements under the Listing Rules for those related party transactions which constituted non-exempt connected transactions/continuing connected transactions under the Listing Rules. Other related party transactions either did not constitute connected transactions/continuing connected transactions or constituted connected transactions/continuing connected transactions but were exempted from all disclosure and independent shareholders' approval requirements under the Listing Rules.

CHANGE IN INFORMATION OF DIRECTORS AND CHIEF EXECUTIVES

There is no change in the information of the Directors and chief executives since the publication of the interim report of the Company for the six months ended 30 September 2013 required to be disclosed pursuant to Rule 13.51B(1) of the Listing Rules.

CONFIRMATION OF INDEPENDENCE

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

EVENTS AFTER THE REPORTING PERIOD

(a) Pursuant to the resolutions passed by the shareholders of the Company at the extraordinary general meetings held on 3 June 2014:

(1) The Disposal

The sales and purchase agreement dated 22 March 2014 entered into by GM Investment Company Limited, a wholly owned subsidiary of the Company, as vendor and Sanpower Group Limited* (三胞集團有限公司) as purchaser, in relation to the Disposal was approved.

For details, please refer to the announcement dated 25 March 2014 and the circular dated 12 May 2014 of the Company.

* English name is for identification purpose only.

(2) Share Consolidation

Every two (2) issued and unissued ordinary shares with par value of HK$0.10 each in the share capital of the Company were consolidated into one (1) Consolidated Share with par value of HK$0.20 each.

For details, please refer to the announcement dated 29 April 2014 and the circular dated 9 May 2014 of the Company.

EVENTS AFTER THE REPORTING PERIOD (continued)

(a) *Pursuant to the resolutions passed by the shareholders of the Company at the extraordinary general meetings held on 3 June 2014: (continued)*

(3) *Share Capital Increase*

The authorised share capital of the Company was increased from HK$400,000,000 to HK$600,000,000 divided into 3,000,000,000 Consolidated Shares of par value of HK$0.20 each by the creation of an additional 1,000,000,000 Consolidated Shares.

For details, please refer to the announcement dated 29 April 2014 and the circular dated 9 May 2014 of the Company.

(4) *The Bonus Warrants Issue*

The bonus warrants issue on the basis of two (2) warrants for every eleven (11) Consolidated Shares held by qualifying shareholders on 10 June 2014 (being the bonus record date) was approved. Each warrant will entitle the holder thereof to subscribe in cash for one (1) new Consolidated Share at an initial subscription price of HK$1.40, subject to adjustment, at any time from the date of issue of the warrants to 30 July 2015 (or such earlier date as provided in the warrant instrument).

For details, please refer to the announcement dated 29 April 2014 and the circular dated 9 May 2014 of the Company.

(5) *Amendments to the Memorandum of Association and Articles of Association*

The amendments to the Company's memorandum of association and articles of association in order to reflect the Company's updated capital structure following the share consolidation and share capital increase were approved.

For details, please refer to the announcement dated 29 April 2014 and the circular dated 9 May 2014 of the Company.

EVENTS AFTER THE REPORTING PERIOD (continued)

(b) Special Dividend and Scrip Dividend Scheme

As announced on 29 April 2014, subject to, inter alia, the completion of the Disposal, the board of Directors recommended the payment of the Special Dividend of HK3 cents per each Consolidated Share. The Special Dividend will be payable in cash. The qualifying shareholders may also elect to receive the Special Dividend in cash or scrip Consolidated Shares in lieu of cash.

For details, please refer to the announcement dated 29 April 2014 and the circular dated 9 May 2014 of the Company. Dividend warrants and share certificates in respect of the Special Dividend will be dispatched to shareholders on or about 31 July 2014.

AUDITORS

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

By order of the Board

KAM Yuen
Chairman

Hong Kong, 24 June 2014

INDEPENDENT AUDITOR'S REPORT

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

(Incorporated in the Cayman Islands with limited liability)

We have audited the consolidated financial statements of Golden Meditech Holdings Limited (the "Company") and its subsidiaries (together "the Group") set out on pages 55 to 172, which comprise the consolidated and company statements of financial position as at 31 March 2014, the consolidated income statement, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated cash flow statement for the year then ended and a summary of significant accounting policies and other explanatory information.

DIRECTORS' RESPONSIBILITY FOR THE CONSOLIDATED FINANCIAL STATEMENTS

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

AUDITOR'S RESPONSIBILITY

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. This report is made solely to you, as a body and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

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

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

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

OPINION

In our opinion, the consolidated financial statements give a true and fair view of the state of affairs of the Company and of the Group as at 31 March 2014 and of the Group's results and cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards and have been properly prepared in accordance with the disclosure requirements of the Hong Kong Companies Ordinance.

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

24 June 2014

CONSOLIDATED INCOME STATEMENT

for the year ended 31 March 2014
(Expressed in Hong Kong dollars)

	Note	**2014** **$'000**	2013 $'000
Turnover	4	**1,085,068**	1,079,062
Cost of sales		**(323,078)**	(325,984)
Gross profit		**761,990**	753,078
Other revenue	5	**53,866**	46,730
Other net loss	6	**(36,625)**	(708)
Selling expenses		**(163,877)**	(146,350)
Administrative expenses		**(444,933)**	(369,289)
Impairment loss on intangible assets	16	**(448,048)**	—
Impairment loss on available-for-sale equity securities	22	**(25,374)**	—
(Loss)/profit from operations		**(303,001)**	283,461
Finance costs	7(a)	**(33,384)**	(57,080)
Changes in fair value of financial liabilities at fair value through profit or loss	33(ii)	**(353,208)**	(21,469)
Share of profits of associates	19	**39,573**	85,322
Share of losses of a joint venture	20	**(60,932)**	(30)
Gain on disposal of interest in an associate	19(i)	**—**	8,527
Loss on deemed disposal of interest in an associate	19(ii)	**(33,072)**	—
(Loss)/profit before taxation	7	**(744,024)**	298,731
Income tax credit/(expense)	8(a)	**31,160**	(89,964)
(Loss)/profit for the year		**(712,864)**	208,767
Attributable to:			
Equity shareholders of the Company	11	**(429,081)**	135,660
Non-controlling interests		**(283,783)**	73,107
(Loss)/profit for the year		**(712,864)**	208,767
(Loss)/earnings per share			
Basic (in cents)	13(a)	**(33.6)**	12.7
Diluted (in cents)	13(b)	**(33.6)**	11.2

The notes on pages 65 to 172 form part of these financial statements.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

for the year ended 31 March 2014
(Expressed in Hong Kong dollars)

	Note	2014 $'000	2013 $'000
(Loss)/profit for the year		**(712,864)**	208,767
Other comprehensive income for the year (after tax and reclassification adjustments)			
Items that may be reclassified subsequently to profit or loss:			
Exchange reserve: net movement during the year, net of nil tax	12	**80,938**	5,131
Fair value reserve: net movement during the year, net of nil tax	12	**72,174**	(11,284)
Share of other comprehensive income of an associate, net of nil tax	19	**9,773**	2,102
Share of other comprehensive income of a joint venture, net of nil tax	20	**(2,019)**	—
Other comprehensive income for the year		**160,866**	(4,051)
Total comprehensive income for the year		**(551,998)**	204,716
Attributable to:			
Equity shareholders of the Company		**(339,143)**	132,779
Non-controlling interests		**(212,855)**	71,937
Total comprehensive income for the year		**(551,998)**	204,716

The notes on pages 65 to 172 form part of these financial statements.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

at 31 March 2014
(Expressed in Hong Kong dollars)

	Note	**31 March 2014 $'000**	31 March 2013 $'000
Non-current assets			
Fixed assets	15(a)		
– Property, plant and equipment		**1,961,811**	1,661,723
– Interests in leasehold land held for own use under operating leases		**1,685,008**	1,710,107
		3,646,819	3,371,830
Intangible assets	16	**167,904**	975,354
Goodwill	17	**579,246**	571,222
Interest in an associate	19	**—**	792,880
Interest in a joint venture	20	**—**	62,951
Available-for-sale securities	22	**519,012**	480,029
Inventories	23	**60,212**	48,482
Trade and other receivables	24	**550,523**	571,645
Deferred tax assets	32(b)	**13,588**	29,169
		5,537,304	6,903,562
Current assets			
Trading securities	25	**86,320**	212,402
Inventories	23	**46,966**	31,545
Trade and other receivables	26	**338,254**	389,527
Non-current assets classified as held for sale	21	**806,327**	—
Time deposits	27	**86,260**	63,102
Cash and cash equivalents	28(a)	**2,711,714**	2,101,322
		4,075,841	2,797,898
Current liabilities			
Trade and other payables	29	**427,124**	517,454
Interest-bearing borrowings	30	**765,955**	498,888
Obligations under finance leases	31	**1,306**	1,254
Current taxation	32(a)	**59,389**	75,739
Financial liabilities at fair value through profit or loss	33	**—**	53,202
Share repurchase obligations	34	**—**	130,228
Deferred income	35	**247,722**	213,745
		1,501,496	1,490,510
Net current assets		**2,574,345**	1,307,388

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

at 31 March 2014
(Expressed in Hong Kong dollars)

	Note	**31 March 2014 $'000**	31 March 2013 $'000
Total assets less current liabilities		**8,111,649**	8,210,950
Non-current liabilities			
Other payables	29	**206,516**	132,589
Interest-bearing borrowings	30	**77,249**	362,749
Obligations under finance leases	31	**1,179**	2,485
Financial liabilities at fair value through profit or loss	33	**773,011**	560,765
Deferred tax liabilities	32(b)	**165,757**	369,508
Deferred income	35	**1,037,031**	656,098
Other non-current liabilities		**422**	415
		2,261,165	2,084,609
NET ASSETS		**5,850,484**	6,126,341
CAPITAL AND RESERVES			
Share capital	36(b)	**341,759**	227,184
Reserves	36(c)	**4,104,709**	4,238,257
Amounts recognised in other comprehensive income and accumulated in equity relating to non-current assets classified as held for sale	21	**46,393**	—
Total equity attributable to equity shareholders of the Company		**4,492,861**	4,465,441
Non-controlling interests		**1,357,623**	1,660,900
TOTAL EQUITY		**5,850,484**	6,126,341

Approved and authorised for issue by the board of directors on 24 June 2014.

KAM Yuen
Director

LU Tian Long
Director

The notes on pages 65 to 172 form part of these financial statements.

STATEMENT OF FINANCIAL POSITION

at 31 March 2014
(Expressed in Hong Kong dollars)

	Note	**31 March 2014 $'000**	31 March 2013 $'000
Non-current assets			
Property, plant and equipment	15(b)	**271**	368
Interests in subsidiaries	18(a)	**3,712,337**	3,427,151
		3,712,608	3,427,519
Current assets			
Trading securities	25	**—**	94,247
Other receivables	26	**7,728**	6,573
Cash and cash equivalents	28(a)	**91,592**	20,823
		99,320	121,643
Current liabilities			
Other payables	29	**6,770**	160,911
Interest-bearing borrowings	30	**296,400**	52,260
Financial liabilities at fair value through profit or loss	33	**—**	128,763
		303,170	341,934
Net current liabilities		**(203,850)**	(220,291)
Total assets less current liabilities		**3,508,758**	3,207,228

STATEMENT OF FINANCIAL POSITION

at 31 March 2014
(Expressed in Hong Kong dollars)

	Note	**31 March 2014 $'000**	31 March 2013 $'000
Non-current liabilities			
Interest-bearing borrowings	30	**77,249**	362,749
		77,249	362,749
NET ASSETS		**3,431,509**	2,844,479
CAPITAL AND RESERVES			
Share capital	36(b)	**341,759**	227,184
Reserves	36(c)	**3,089,750**	2,617,295
TOTAL EQUITY		**3,431,509**	2,844,479

Approved and authorised for issue by the board of directors on 24 June 2014.

KAM Yuen
Director

LU Tian Long
Director

The notes on pages 65 to 172 form part of these financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

for the year ended 31 March 2014
(Expressed in Hong Kong dollars)

	Note	Attributable to equity shareholders of the Company													
		Share capital $'000	Share premium $'000	Capital redemption reserve $'000	Capital reserve $'000	Merger reserve $'000	Exchange reserve $'000	Surplus reserve $'000	Fair value reserve $'000	Other reserves $'000	Retained profits $'000	Amounts recognised in other comprehensive income and accumulated in equity relating to non-current assets classified as held for sale $'000	Total $'000	Non-controlling interests $'000	Total equity $'000
Balance at 1 April 2013		227,184	1,814,652	11,679	33,395	54,193	485,707	164,856	32,761	(515,159)	2,156,173	–	4,465,441	1,660,900	6,126,341
Changes in equity for the year ended 31 March 2014:															
Loss for the year		–	–	–	–	–	–	–	–	–	(429,081)	–	(429,081)	(283,783)	(712,864)
Other comprehensive income		–	–	–	–	–	61,681	–	28,257	–	–	–	89,938	70,928	160,866
Total comprehensive income for the year		–	–	–	–	–	61,681	–	28,257	–	(429,081)	–	(339,143)	(212,855)	(551,998)
Issued shares upon open offer	36(b)(i)	113,920	455,678	–	–	–	–	–	–	–	–	–	569,598	–	569,598
Dividends approved in respect of the previous year	36(b)(iii) & 36(d)	655	4,736	–	–	–	–	–	–	–	(29,534)	–	(24,143)	–	(24,143)
Dividends to holders of non-controlling interests		–	–	–	–	–	–	–	–	–	–	–	–	(12,834)	(12,834)
Acquisition of non-controlling interests by exercise of put options	37(a)	–	–	–	–	–	4,552	–	–	44,142	–	–	48,694	(48,694)	–
Changes in carrying amounts of share repurchase obligations	34	–	–	–	–	–	–	–	–	(6,048)	–	–	(6,048)	–	(6,048)
Reclassification of amounts recognised in other comprehensive income and accumulated in equity related to non-current assets classified as held for sale	21	–	–	–	–	–	(46,393)	–	–	–	–	46,393	–	–	–
Acquisition of additional interests in a subsidiary	37(b)(iv)	–	–	–	–	–	9,524	–	–	(230,862)	–	–	(221,338)	(28,894)	(250,232)
Transfer of surplus reserve		–	–	–	–	–	–	29,010	–	–	(29,010)	–	–	–	–
Share of other reserves of an associate		–	–	–	–	–	–	–	–	(200)	–	–	(200)	–	(200)
Balance at 31 March 2014		341,759	2,275,066	11,679	33,395	54,193	515,071	193,866	61,018	(708,127)	1,668,548	46,393	4,492,861	1,357,623	5,850,484

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

for the year ended 31 March 2014
(Expressed in Hong Kong dollars)

		Attributable to equity shareholders of the Company												
	Note	Share capital $'000	Share premium $'000	Capital redemption reserve $'000	Capital reserve $'000	Merger reserve $'000	Exchange reserve $'000	Surplus reserve $'000	Fair value reserve $'000	Other reserves $'000	Retained profits $'000	Total $'000	Non-controlling interests $'000	Total equity $'000
Balance at 1 April 2012		198,903	1,588,562	11,679	33,395	54,193	473,156	144,669	37,466	(541,915)	2,063,384	4,063,492	1,796,624	5,860,116
Changes in equity for the year ended 31 March 2013:														
Profit for the year		–	–	–	–	–	–	–	–	–	135,660	135,660	73,107	208,767
Other comprehensive income		–	–	–	–	–	1,824	–	(4,705)	–	–	(2,881)	(1,170)	(4,051)
Total comprehensive income for the year		–	–	–	–	–	1,824	–	(4,705)	–	135,660	132,779	71,937	204,716
Deemed redemption of convertible notes issued by a subsidiary	36(b)(ii)	27,935	223,476	–	–	–	–	–	–	–	–	251,411	–	251,411
Dividends approved in respect of the previous year	36(b)(iii) & 36(d)	346	2,614	–	–	–	–	–	–	–	(22,684)	(19,724)	–	(19,724)
Acquisition of non-controlling interests by exercise of put options	37(a)	–	–	–	–	–	10,727	–	–	143,727	–	154,454	(154,454)	–
Changes in carrying amounts of share repurchase obligations	34	–	–	–	–	–	–	–	–	(26,316)	–	(26,316)	–	(26,316)
Repurchase of own shares by a subsidiary	37(b)(ii)	–	–	–	–	–	–	–	–	(86,134)	–	(86,134)	(43,911)	(130,045)
Acquisition of additional interests in a subsidiary	37(b)(iii)	–	–	–	–	–	–	–	–	537	–	537	(9,296)	(8,759)
Transfer of surplus reserve		–	–	–	–	–	–	20,187	–	–	(20,187)	–	–	–
Share of other reserves of an associate		–	–	–	–	–	–	–	–	(5,058)	–	(5,058)	–	(5,058)
Balance at 31 March 2013		227,184	1,814,652	11,679	33,395	54,193	485,707	164,856	32,761	(515,159)	2,156,173	4,465,441	1,660,900	6,126,341

The notes on pages 65 to 172 form part of these financial statements. Details of dividends payables to equity shareholders of the Company attributable to the (loss)/profit for the year are set out in note 36(d).

CONSOLIDATED CASH FLOW STATEMENT

for the year ended 31 March 2014
(Expressed in Hong Kong dollars)

	Note	2014 $'000	2013 $'000
Operating activities			
Cash generated from operations	28(b)	**911,716**	819,284
The People's Republic of China ("PRC") income tax paid		**(110,088)**	(87,376)
Net cash generated from operating activities		**801,628**	731,908
Investing activities			
Proceeds from disposal of property, plant and equipment		**301**	738
Payment for the acquisition of property, plant and equipment		**(295,775)**	(552,734)
Net proceeds from disposal of interest in a subsidiary	37(b)(iv)	**12,689**	—
Net proceeds from disposal of interest in an associate		**—**	75,878
Proceeds from disposal of trading securities		**95,462**	116,258
Payment for purchase of trading securities		**(1,553)**	(208,802)
Proceeds from investment income of available-for-sale securities		**18,737**	19,128
Payment for purchase of available-for-sale securities		**(10,920)**	(75,169)
Payment for investment deposits	24	**—**	(263,000)
Payment for acquisition of time deposits		**(86,260)**	(63,102)
Proceeds from disposal of time deposits		**63,102**	49,346
Interest received		**11,373**	12,385
Dividend income from trading securities	5	**3,601**	3,115
Dividend income from available-for-sale securities	5	**12,412**	5,756
Net cash used in investing activities		**(176,831)**	(880,203)

CONSOLIDATED CASH FLOW STATEMENT

for the year ended 31 March 2014
(Expressed in Hong Kong dollars)

	Note	2014 $'000	2013 $'000
Financing activities			
Proceeds from issuance of new shares upon open offer	36(b)(i)	**569,598**	—
Payment for redemption of convertible notes issued by the Company	33(a)	**(157,434)**	—
Proceeds from sale of treasury shares of a subsidiary	37(b)(ii)	**—**	31,148
Payment for repurchase of own shares by a subsidiary		**(5,563)**	(156,008)
Payment for acquisition of additional interests of a subsidiary		**—**	(8,759)
Earnest money paid for acquisition of additional interests of a subsidiary		**(3,776)**	—
Proceeds from new interest-bearing borrowings		**606,225**	912,421
Repayment of interest-bearing borrowings		**(645,880)**	(409,134)
Payment for dividends of the previous year to equity shareholders of the Company		**(24,118)**	(19,724)
Payment for dividends to holders of non-controlling interests		**(12,834)**	—
Payment for exercised put options	37(a)	**(301,524)**	(310,471)
Payment for transaction costs of issuance of convertible notes		**(4,087)**	—
Net proceeds from issuance of convertible notes	33(b)(ii)	**—**	488,208
Interest paid on interest-bearing borrowings		**(29,351)**	(26,333)
Interest paid on convertible notes	33(ii)	**(36,730)**	(4,808)
Capital element of finance lease rentals paid		**(1,254)**	(1,828)
Interest element of finance lease rentals paid		**(131)**	(163)
Net cash (used in)/generated from financing activities		**(46,859)**	494,549
Net increase in cash and cash equivalents		**577,938**	346,254
Cash and cash equivalents at beginning of the year		**2,101,322**	1,746,669
Effect of foreign exchange rates changes		**32,454**	8,399
Cash and cash equivalents at end of the year	28(a)	**2,711,714**	2,101,322

The notes on pages 65 to 172 form part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS

(Expressed in Hong Kong dollars unless otherwise indicated)

1 BACKGROUND

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

On 24 January 2011, the Company completed the listing of 90,000,000 units of Taiwan Depositary Receipts, representing 180,000,000 shares of the Company of par value of $0.10 each, comprising 120,000,000 new shares of par value of $0.10 each allotted and issued by the Company and 60,000,000 shares of par value of $0.10 each sold by the Company's then shareholders, on the Taiwan Stock Exchange Corporation ("Taiwan Stock Exchange").

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

2 SIGNIFICANT ACCOUNTING POLICIES

(a) Statement of compliance

These financial statements have been prepared in accordance with all applicable Hong Kong Financial Reporting Standards ("HKFRSs"), which collective term includes all applicable individual HKFRSs, Hong Kong Accounting Standards ("HKASs") and Interpretations issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") and accounting principles generally accepted in Hong Kong. These financial statements also comply with the applicable disclosure requirements of the Hong Kong Companies Ordinance, which for this financial year and the comparative period continue to be those of predecessor Hong Kong Companies Ordinance (Cap. 32), in accordance with transitional and saving arrangements for Part 9 of the new Hong Kong Companies Ordnance (Cap. 622), "Account and Audit", which are set out in sections 76 to 87 of Schedule 11 to that Ordinance. These financial statements also comply with the applicable disclosure provisions of the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules"). A summary of the significant accounting policies adopted by the Group is set out below.

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

2 SIGNIFICANT ACCOUNTING POLICIES (continued)

(b) Basis of preparation of the financial statements

The consolidated financial statements for the year ended 31 March 2014 comprise the Company and its subsidiaries and the Group's interest in an associate and a joint venture.

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

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

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

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

(c) Changes in accounting policies

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

- Amendments to HKAS 1 *Presentation of financial statements – Presentation of items of other comprehensive income*
- HKFRS 13 *Fair value measurement*
- Annual Improvements to HKFRSs 2009-2011 Cycle
- Amendments to HKFRS 7 *Disclosures – Offsetting financial assets and financial liabilities*

2 SIGNIFICANT ACCOUNTING POLICIES (continued)

(c) Changes in accounting policies (continued)

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

Amendments to HKAS 1 *Presentation of financial statements – Presentation of items of other comprehensive income*

The amendments to HKAS 1 require entities to present the items of other comprehensive income that would be reclassified to profit or loss in the future if certain conditions are met separately from those that would never be reclassified to profit or loss. The Group's presentation of other comprehensive income in these financial statements has been modified accordingly.

HKFRS 13 *Fair value measurement*

HKFRS 13 replaces existing guidance in individual HKFRSs with a single source of fair value measurement guidance. HKFRS 13 also contains extensive disclosure requirements about fair value measurements for both financial instruments and non-financial instruments. To the extent that the requirements are applicable to the Group, the Group has provided those disclosures in note 39.

Annual Improvements to HKFRSs 2009-2011 Cycle

This cycle of annual improvements contains amendments to five standards with consequential amendments to other standards and interpretations. Among them, HKAS 34 has been amended to clarify that total assets for a particular reportable segment are required to be disclosed only if the amounts are regularly provided to the chief operating decision maker ("CODM") and only if there has been a material change in the total assets for that segment from the amount disclosed in the last annual financial statements. The amendment also requires the disclosure of segment liabilities if the amounts are regularly provided to the CODM and there has been a material change in the amounts compared with the last annual financial statements. In respect of this amendment, the Group has continued to disclose segment assets and segment liabilities in note 14 as in prior years.

Amendments to HKFRS 7 *Disclosures – Offsetting financial assets and financial liabilities*

The amendments introduce new disclosures in respect of offsetting financial assets and financial liabilities. Those new disclosures are required for all recognised financial instruments that are set off in accordance with HKAS 32 *Financial instruments: Presentation* and those that are subject to an enforceable master netting arrangement or similar agreement that covers similar financial instruments and transactions, irrespective of whether the financial instruments are set off in accordance with HKAS 32.

The adoption of the amendments does not have an impact on these financial statements because the Group has not offset financial instruments, nor has it entered into master netting arrangement or similar agreement which is subject to the disclosures of HKFRS 7 during the periods presented.

2 SIGNIFICANT ACCOUNTING POLICIES (continued)

(d) Subsidiaries and non-controlling interests

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

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

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

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

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

Share repurchase obligations undertaken by the Group to non-controlling interests in respect of the repurchase of shares of a subsidiary by the Group are initially recognised at the present value of the repurchase obligations. Subsequent to initial recognition, such share repurchase obligations are stated at amortised cost with any difference between the amount initially recognised and repurchase consideration recognised directly in equity over the period of the contractual life of the obligations, using the effective interest method.

2 SIGNIFICANT ACCOUNTING POLICIES (continued)

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

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

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

(e) Associates and joint ventures

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

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

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

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

2 SIGNIFICANT ACCOUNTING POLICIES (continued)

(e) Associates and joint ventures (continued)

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

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

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

(f) Goodwill

Goodwill represents the excess of

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

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

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

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

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

2 SIGNIFICANT ACCOUNTING POLICIES (continued)

(g) Other investments in debt and equity securities

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

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

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

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

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

(Expressed in Hong Kong dollars unless otherwise indicated)

2 SIGNIFICANT ACCOUNTING POLICIES (continued)

(h) Financial instruments

Financial liabilities and equity instruments issued by a group entity are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements entered into and the definitions of a financial liability and an equity instrument.

An equity instrument is any contract that evidences a residual interest in the assets of the Group after deducting all of its liabilities. Equity instruments issued by the Group are recognised at the proceeds received, net of direct issue costs.

Repurchase of the Company's own equity instruments is recognised and deducted directly in equity. No gain or loss is recognised in profit or loss on the purchase, sale, issue or cancellation of the Company's own equity instrument. The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the reporting period. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial liability, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

Interest expense is recognised on an effective interest basis.

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

(i) Property, plant and equipment

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

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

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

2 SIGNIFICANT ACCOUNTING POLICIES (continued)

(i) Property, plant and equipment (continued)

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

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

No depreciation is provided for construction in progress.

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

(j) Intangible assets (other than goodwill)

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

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

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

– Management service contract right	30 years
– Operating right of cord blood banks	30 years

Both the period and method of amortisation are reviewed annually.

2 SIGNIFICANT ACCOUNTING POLICIES (continued)

(k) Leased assets

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

(i) Classification of assets leased to the Group

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

(ii) Assets acquired under finance leases

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

(iii) Operating lease charges

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

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

(Expressed in Hong Kong dollars unless otherwise indicated)

2 SIGNIFICANT ACCOUNTING POLICIES (continued)

(l) Impairment of assets

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

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

— significant financial difficulty of the debtor;

— a breach of contract, such as a default or delinquency in interest or principal payments;

— it becoming probable that the debtor will enter bankruptcy or other financial reorganisation;

— significant changes in the technological, market, economic or legal environment that have an adverse effect on the debtor; and

— a significant or prolonged decline in the fair value of an investment in an equity instrument below its cost.

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

— For investments in associates and joint ventures accounted for under the equity method in the consolidated financial statements (see note 2(e)), the impairment loss is measured by comparing the recoverable amount of the investment as a whole with its carrying amount in accordance with note 2(l)(ii). The impairment loss is reversed if there has been a favourable change in the estimates used to determine the recoverable amount in accordance with note 2(l)(ii).

— For unquoted equity securities carried at cost, the impairment loss is measured as the difference between the carrying amount of the financial asset and the estimated future cash flows, discounted at the current market rate of return for a similar financial asset where the effect of discounting is material. Impairment losses for unquoted equity securities carried at cost are not reversed.

2 SIGNIFICANT ACCOUNTING POLICIES (continued)

(l) Impairment of assets (continued)

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

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

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

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

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

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

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

2 SIGNIFICANT ACCOUNTING POLICIES (continued)

(l) Impairment of assets (continued)

(ii) Impairment of other assets

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

— property, plant and equipment;

— pre-paid interests in leasehold land classified as being held under an operating lease;

— intangible assets;

— goodwill; and

— investments in subsidiaries in the Company's statement of financial position.

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

— Calculation of recoverable amount

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

— Recognition of impairment losses

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

2 SIGNIFICANT ACCOUNTING POLICIES (continued)

(l) Impairment of assets (continued)

(ii) Impairment of other assets (continued)

— Reversals of impairment losses

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

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

(iii) Interim financial reporting and impairment

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

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

(m) Inventories

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

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

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

2 SIGNIFICANT ACCOUNTING POLICIES (continued)

(m) Inventories (continued)

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

(n) Trade and other receivables

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

(o) Convertible notes

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

(p) Interest-bearing borrowings

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

(q) Trade and other payables

Trade and other payables are initially recognised at fair value. Except for financial guarantee liabilities measured in accordance with note 2(u)(i), trade and other payables are subsequently stated at amortised cost unless the effect of discounting would be immaterial, in which case they are stated at cost.

2 SIGNIFICANT ACCOUNTING POLICIES (continued)

(r) Cash and cash equivalents

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

(s) Employee benefits

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

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

(ii) Share-based payments

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

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

(iii) Termination benefits

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

2 SIGNIFICANT ACCOUNTING POLICIES (continued)

(t) Income tax

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

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

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

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

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

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

2 SIGNIFICANT ACCOUNTING POLICIES (continued)

(t) Income tax (continued)

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

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

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

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

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

  — the same taxable entity; or

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

2 SIGNIFICANT ACCOUNTING POLICIES (continued)

(u) Financial guarantees issued, provisions and contingent liabilities

(i) Financial guarantees issued

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

Where the Group issues a financial guarantee, the fair value of the guarantee is initially recognised as deferred income within trade and other payables. The fair value of financial guarantees issued at the time of issuance is determined by reference to fees charged in an arm's length transaction for similar services, when such information is obtainable, or is otherwise estimated by reference to interest rate differentials, by comparing the actual rates charged by lenders when the guarantee is made available with the estimated rates that lenders would have charged, had the guarantees not been available, where reliable estimates of such information can be made. Where consideration is received or receivable for the issuance of the guarantee, the consideration is recognised in accordance with the Group's policies applicable to that category of asset. Where no such consideration is received or receivable, an immediate expense is recognised in profit or loss on initial recognition of any deferred income.

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

(ii) Other provisions and contingent liabilities

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

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

2 SIGNIFICANT ACCOUNTING POLICIES (continued)

(v) Revenue recognition

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

(i) Sale of goods

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

(ii) Service income

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

(iii) Government grants

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

(iv) Dividends

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

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

(v) Interest income

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

2 SIGNIFICANT ACCOUNTING POLICIES (continued)

(w) *Translation of foreign currencies*

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

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

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

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

(x) *Borrowing costs*

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

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

(Expressed in Hong Kong dollars unless otherwise indicated)

2 SIGNIFICANT ACCOUNTING POLICIES (continued)

(y) Non-current assets classified as held for sale

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

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

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

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

2 SIGNIFICANT ACCOUNTING POLICIES (continued)

(z) Related parties

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

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

(ii) has significant influence over the Group; or

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

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

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

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

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

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

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

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

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

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

(aa) Segment reporting

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

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

(Expressed in Hong Kong dollars unless otherwise indicated)

3 ACCOUNTING ESTIMATES AND JUDGEMENTS

Notes 17, 38 and 39(g) contain information about the assumptions and their risk factors relating to goodwill impairment, fair value of share options granted and financial instruments. Other key sources of estimation uncertainty are as follows:

(a) Depreciation and amortisation

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

(b) Impairment of assets

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

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

(c) Recognition of deferred tax assets

The Group has recognised deferred tax assets which arose from deductible temporary differences as set out in note 32(b). The realisability of the deferred tax assets mainly depends on whether it is probable that future taxable profits or taxable temporary differences will be available against which the assets can be utilised. In cases where the actual future taxable profits or taxable temporary differences generated are less than expected, a reversal of deferred tax assets may arise, which will be recognised in profit or loss for the period in which such a reversal takes place.

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 cord blood storage service, the provision of hospital management service and hospital operation, the provision of medical insurance administration service, and the research and development and the manufacture and sale of Chinese herbal medicines.

Turnover represents the sales value of goods supplied to customers, income from cord blood storage service, income from hospital management service and hospital operation and income from medical insurance administration service, less applicable value-added tax ("VAT") or business tax. The amount of each significant category of revenue recognised in turnover during the year is as follows:

	2014	2013
	$'000	$'000
Sales of medical devices and accessories	**274,201**	277,242
Cord blood storage service income	**722,167**	647,265
Hospital management service and hospital operation income	**71,181**	126,930
Medical insurance administration service income	**4,941**	2,121
Sales of Chinese herbal medicines	**12,578**	25,504
	1,085,068	1,079,062

The Group's customer base includes a customer with whom transactions have exceeded 10% of the Group's revenue. During the year ended 31 March 2014, revenue generated directly and indirectly from this customer amounted to approximately $148,256,000 (2013: $162,659,000). Details of concentrations of credit risk arising from the Group's largest customers are set out in note 39(a).

Further details regarding the Group's principal activities are disclosed in note 14 to these financial statements.

5 OTHER REVENUE

	2014	2013
	$'000	$'000
Interest income from bank deposits	**11,373**	11,306
Interest income from trade receivables	**12,751**	10,695
VAT refunds	**12,141**	13,542
Dividend income from available-for-sale securities	**12,412**	5,756
Dividend income from trading securities	**3,601**	3,115
Sundry income	**1,588**	2,316
	53,866	46,730

Pursuant to the relevant government policies and approval documents from the local government authorities, one of the Group's PRC subsidiaries is entitled to a VAT refund which is calculated at approximately 14% (2013: 14%) of sales of software products embedded in the medical devices.

6 OTHER NET LOSS

	2014	2013
	$'000	$'000
Net realised and unrealised (loss)/gain on trading securities	**(32,173)**	2,517
Net exchange loss	**(6,493)**	(3,669)
Net gain/(loss) on disposal of property, plant and equipment	**77**	(1,140)
Others	**1,964**	1,584
	(36,625)	(708)

7 (LOSS)/PROFIT BEFORE TAXATION

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

	2014 $'000	2013 $'000
(a) Finance costs		
Interests on interest-bearing borrowings wholly repayable within five years	**36,276**	29,102
Interests on settlement of share repurchase obligations (note 37(a))	**15,071**	10,334
Transaction costs of issuance of convertible notes by a subsidiary	**—**	17,481
Finance charges on obligations under finance leases	**131**	163
Total finance costs	**51,478**	57,080
Less: Interests capitalised to construction in progress*	**(18,094)**	—
	33,384	57,080

* The borrowing costs have been capitalised at a rate of 12% per annum (2013: nil).

	2014 $'000	2013 $'000
(b) Staff costs		
Salaries, wages and other benefits	**223,201**	214,152
Contributions to defined contribution retirement plans	**27,696**	26,548
	250,897	240,700
(c) Other items		
Cost of inventories #	**257,399**	256,831
Impairment losses		
– current and non-current trade receivables	**85,431**	9,155
– available-for-sale equity securities	**25,374**	—
– intangible assets	**448,048**	—
Depreciation of property, plant and equipment #	**80,757**	78,948
Amortisation		
– land lease premium #	**38,431**	38,100
– intangible assets #	**34,878**	37,353
Research and development costs (other than depreciation and amortisation costs)	**22,973**	18,563
Auditor's remuneration		
– audit services	**13,901**	12,495
– other services ##	**1,049**	480
Operating lease charges: minimum lease payments #		
– assets held for use under operating leases	**23,393**	25,289
– other assets	**79**	195

(Expressed in Hong Kong dollars unless otherwise indicated)

7 (LOSS)/PROFIT BEFORE TAXATION (continued)

\# Cost of inventories includes $91,303,000 (2013: $84,600,000) relating to staff costs, depreciation and amortisation expenses and operating lease charges, which amount is also included in the respective total amounts disclosed separately above or in note 7(b) for each of these types of expenses.

\## Other services performed by KPMG related to the open offer (note 36(b)(i)) and financial due diligence works performed in 2014 and 2013, respectively.

8 INCOME TAX IN THE CONSOLIDATED INCOME STATEMENT

(a) Taxation in the consolidated income statement represents:

	2014 $'000	2013 $'000
Current tax - Outside Hong Kong		
Provision for PRC income tax for the year	**78,336**	89,447
(Over)/under-provision in respect of prior years	**(819)**	9,963
Subtotal	**77,517**	99,410
Deferred tax		
Origination and reversal of temporary differences (note 32(b)(i))	**(108,677)**	(9,446)
Subtotal	**(108,677)**	(9,446)
Total income tax (credit)/expense	**(31,160)**	89,964

(i) PRC income tax

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 Company Limited ("Jingjing"), Beijing Jiachenhong Biological Technologies Company Limited ("Beijing Jiachenhong") and Guangzhou Municipality Tianhe Nuoya Bio-engineering Company Limited ("Guangzhou Nuoya"), all PRC subsidiaries of the Group are subject to income tax at 25% for the year ended 31 March 2014 (2013: 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 ("HNTE"), and therefore, qualified to the reduced income tax rate of 15% retrospectively from 1 January 2011 to 31 December 2014.

8 INCOME TAX IN THE CONSOLIDATED INCOME STATEMENT (continued)

(a) Taxation in the consolidated income statement represents: (continued)

(i) PRC income tax (continued)

In February 2012, upon the receipt of the notification issued by the local tax bureau, Beijing Jiachenhong renewed its designation as a HNTE, and therefore, qualified to the reduced income tax rate of 15% retrospectively from 1 January 2011 to 31 December 2013. Upon the expiry or failure in renewal of HNTE certificate, the tax rate applied to Beijing Jiachenhong would be 25%. Subject to renewal, Beijing Jiachenhong's HNTE status will enable it to continue to enjoy the preferential income tax rate of 15% from 1 January 2014 to 31 December 2016. The Group believes that Beijing Jiachenhong meets all the criteria for the renewal of HNTE and therefore, the current income tax rate for the period from 1 January 2014 to 31 March 2014 was accrued based on income tax rate of 15%.

In June 2011, Guangzhou Nuoya was initially certified as a HNTE, and therefore, qualified to the reduced income tax rate of 15% retrospectively from 1 January 2010 to 31 December 2012. Guangzhou Nuoya applied the renewal of the HNTE status subsequent to the expiry of the certificate on 31 December 2012 and the renewal certificate was approved by relevant PRC tax authority on 16 October 2013, indicating the effective period of recognition as HNTE is from 1 January 2013 up to 31 December 2015, during which period Guangzhou Nuoya will be subject to a reduced tax rate of 15%.

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 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 ("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 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 judgement may be involved.

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 31 March 2014, deferred tax liabilities of $6,461,000 (2013: $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 of the Company expect to distribute outside the PRC in the foreseeable future.

(Expressed in Hong Kong dollars unless otherwise indicated)

8 INCOME TAX IN THE CONSOLIDATED INCOME STATEMENT (continued)

(a) Taxation in the consolidated income statement represents: (continued)

(ii) *Hong Kong Profits Tax*

No provision for Hong Kong Profits Tax has been made for the years ended 31 March 2014 and 2013 as the Group did not have any profits assessable to Hong Kong Profits Tax during the current and prior years.

(iii) *Cayman Islands tax and British Virgin Islands tax*

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

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

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

	2014 $'000	2013 $'000
(Loss)/profit before taxation	**(744,024)**	298,731
Notional taxation on (loss)/profit before taxation, calculated at the rates applicable to (loss)/profit in the jurisdictions concerned	**(29,351)**	114,887
Tax effect of non-deductible expenses	**89**	1,452
Tax effect of non-taxable revenues	**(7,203)**	(14,223)
(Over)/under-provision in prior years	**(819)**	9,963
Reduced tax rate approved by tax authorities	**(48,287)**	(45,864)
Unused tax losses not recognised	**40,410**	23,749
Withholding tax on profit distributions	**14,001**	—
Actual tax (credit)/expense	**(31,160)**	89,964

9 DIRECTORS' REMUNERATION

Directors' remuneration disclosed pursuant to section 78 of Schedule 11 to the new Hong Kong Companies Ordinance (Cap. 622) with reference to section 161 of the predecessor Hong Kong Companies Ordinance (Cap. 32), is as follows:

For the year ended 31 March 2014

	Directors' fees $'000	Salaries, allowances and benefits in kind $'000	Discretionary bonuses $'000	Retirement scheme contributions $'000	Total $'000
Executive directors					
Mr. KAM Yuen	—	2,600	4,000	15	6,615
Mr. LU Tian Long	—	650	750	15	1,415
Mr. KONG Kam Yu	—	2,340	4,000	15	6,355
Mr. YU Kwok Kuen, Harry	—	5,694	860	15	6,569
Non-executive directors					
Ms. ZHENG Ting	—	2,837	3,000	15	5,852
Independent non-executive directors					
Prof. CAO Gang	60	—	130	—	190
Mr. FENG Wen	60	—	130	—	190
Mr. GAO Zong Ze	60	—	220	—	280
Prof. GU Qiao	60	—	130	—	190
	240	14,121	13,220	75	27,656

(Expressed in Hong Kong dollars unless otherwise indicated)

9 DIRECTORS' REMUNERATION (continued)

For the year ended 31 March 2013

	Directors' fees $'000	Salaries, allowances and benefits in kind $'000	Discretionary bonuses $'000	Retirement scheme contributions $'000	Total $'000
Executive directors					
Mr. KAM Yuen	—	2,625	4,000	15	6,640
Ms. JIN Lu (resigned on 25 September 2012)	—	956	1,000	23	1,979
Mr. LU Tian Long	—	650	500	15	1,165
Mr. KONG Kam Yu * (appointed on 25 September 2012)	—	4,560	2,000	15	6,575
Mr. YU Kwok Kuen, Harry * (appointed on 25 September 2012)	—	5,878	802	15	6,695
Non-executive directors					
Ms. ZHENG Ting (re-appointed on 23 August 2012)	—	2,159	2,000	15	4,174
Independent non-executive directors					
Prof. CAO Gang	60	—	100	—	160
Mr. FENG Wen (appointed on 25 September 2012)	60	—	—	—	60
Mr. GAO Zong Ze	60	—	200	—	260
Prof. GU Qiao	60	—	100	—	160
	240	16,828	10,702	98	27,868

* Remunerations of Mr KONG Kam Yu and Mr YU Kwok Kuen, Harry included emoluments paid to them during the year ended 31 March 2013 for their appointments as senior management of the Group prior to their appointments as executive directors of the Company.

10 INDIVIDUALS WITH HIGHEST EMOLUMENTS

Of the five individuals with the highest emoluments, four (2013: four) are directors whose emolument is disclosed in note 9. The aggregate of the emoluments in respect of the other one (2013: one) individual is as follows:

	2014 **$'000**	2013 $'000
Salaries, allowances and other benefits	**2,447**	1,958
Discretionary bonuses	**3,000**	2,000
Retirement scheme contributions	**15**	15
	5,462	3,973

The emoluments fell within the following bands:

	Number of individuals	
	2014	2013
Emoluments bands		
$3,500,001 to $4,000,000	**—**	1
$4,000,001 to $4,500,000	**—**	—
$4,500,001 to $5,000,000	**—**	—
$5,000,001 to $5,500,000	**1**	—
	1	1

(Expressed in Hong Kong dollars unless otherwise indicated)

11 (LOSS)/PROFIT ATTRIBUTABLE TO EQUITY SHAREHOLDERS OF THE COMPANY

The consolidated (loss)/profit attributable to equity shareholders of the Company includes a profit of $41,575,000 (2013: loss of $199,904,000) which has been dealt with in the financial statements of the Company.

Reconciliation of the above amount to the Company's profit for the year:

	2014	2013
	$'000	$'000
Amount of consolidated (loss)/profit attributable to equity shareholders dealt with in the Company's financial statements	**41,575**	(199,904)
Dividend from subsidiaries attributable to the profits of the previous financial year, approved during the year	**—**	200,000
Company's profit for the year (note 36(a))	**41,575**	96

12 OTHER COMPREHENSIVE INCOME

Reclassification adjustments relating to components of other comprehensive income:

	2014	2013
	$'000	$'000
Exchange reserve:		
Exchange differences on translation of financial statements of subsidiaries outside Hong Kong	**83,564**	15,924
Reclassification adjustments for amounts transferred to profit or loss:		
– deemed disposal of partial interest in an associate (note 19(ii))	**(2,626)**	—
– disposal of an associate (note 19(i))	**—**	(10,793)
	80,938	5,131
Less: Income tax	**—**	—
Net movement in exchange reserve during the year recognised in other comprehensive income	**80,938**	5,131
Fair value reserve:		
Changes in fair value of available-for-sale securities recognised during the year	**72,174**	(11,284)
Less: Income tax	**—**	—
Net movement in fair value reserve during the year recognised in other comprehensive income	**72,174**	(11,284)

13 (LOSS)/EARNINGS PER SHARE

(a) Basic (loss)/earnings per share

The calculation of basic (loss)/earnings per share is based on consolidated loss attributable to equity shareholders of the Company of $429,081,000 (2013: profit of $135,660,000) divided by the adjusted weighted average number of 1,275,948,000 (2013: 1,071,675,000) ordinary shares in issue during the year, calculated as follows:

(i) *(Loss)/profit attributable to equity shareholders of the Company (basic)*

	2014 $'000	2013 $'000
(Loss)/profit attributable to equity shareholders of the Company (basic)	**(429,081)**	135,660

(ii) *Weighted average number of ordinary shares (basic)*

	2014 Shares '000	2013 Shares '000
Issued ordinary shares at the beginning of the year	**2,271,838**	1,989,032
Effect of issue of shares for deemed redemption of convertible notes issued by a subsidiary (note 36(b)(ii))	**—**	153,065
Effect of issue of shares in lieu of cash dividends (note 36(b)(iii))	**2,280**	1,252
Effect of issue of shares upon open offer (note 36(b)(i))	**277,777**	—
Weighted average number of ordinary shares	**2,551,895**	2,143,349
Adjusted weighted average number of ordinary shares upon share consolidation*	**1,275,948**	1,071,675
Basic (loss)/earnings per share (HK cents)	**(33.6)**	12.7*

* A share consolidation has been approved by the shareholders at an extraordinary general meeting of the Company held on 3 June 2014. As a result of the share consolidation, every two issued and unissued ordinary shares with a par value of $0.10 each in share capital of the Company were consolidated into one consolidated share with a par value of $0.20 each (the "Consolidated Share").

Accordingly, the weighted average number of ordinary shares has been adjusted upon the share consolidation and retrospective adjustments have been made on the basic and diluted (loss)/earnings per share for the years ended 31 March 2014 and 2013.

Further details of the share consolidation are set out in the Company's announcement dated 3 June 2014.

(Expressed in Hong Kong dollars unless otherwise indicated)

13 (LOSS)/EARNINGS PER SHARE (continued)

(b) Diluted (loss)/earnings per share

The calculation of diluted (loss)/earnings per share is based on the consolidated loss attributable to equity shareholders of the Company of $429,081,000 (2013: profit of $123,775,000) and the adjusted weighted average number of 1,275,948,000 (2013: 1,104,779,000) ordinary shares in issue during the year after adjusting for the effects of all dilutive potential shares, calculated as follows:

(i) (Loss)/profit attributable to equity shareholders of the Company (diluted)

	2014 $'000	2013 $'000
(Loss)/profit attributable to equity shareholders of the Company	**(429,081)**	135,660
Dilutive impact on profit from exercise of conversion options from the holders of convertible notes issued by the Company	—	(499)
Dilutive impact on profit of dilutive potential shares of an associate	—	(11,386)
(Loss)/profit attributable to equity shareholders of the Company (diluted)	**(429,081)**	123,775

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

	2014 Shares '000	2013 Shares '000
Weighted average number of ordinary shares	**2,551,895**	2,143,349
Effect of conversion of convertible notes	—	66,209
Weighted average number of ordinary shares (diluted)	**2,551,895**	2,209,558
Adjusted weighted average number of ordinary shares upon share consolidation*	**1,275,948**	1,104,779
Diluted (loss)/earnings per share (HK cents)	**(33.6)**	11.2*

The calculation of diluted (loss)/earnings per share for the years ended 31 March 2014 and 2013 has not included the potential effect of deemed issuance of shares under the Company's share option scheme as it has an anti-dilutive effect on the basic (loss)/earnings per share amount for the respective years.

14 SEGMENT REPORTING

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

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

(ii) Cord blood storage segment: the provision of cord blood stem cell examination, processing, separation and storage service and other related services.

(iii) Hospital management segment: the provision of management service to hospitals and operation of hospitals in the PRC.

(iv) Medical insurance administration segment: the provision of medical insurance administration service in the PRC.

(v) Chinese herbal medicine segment: the research and development and the manufacture and sale of Chinese herbal medicines.

(a) Segment results, assets and liabilities

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

Segment assets include all tangible, intangible assets and current assets with the exception of interest in an associate, interest in a joint venture, deferred tax assets and inter-company receivables. Segment liabilities include trade payables, accruals, interest-bearing borrowings, deferred income and other payables attributable to the operating activities of the individual segments with the exception of interest-bearing borrowings of the Company, deferred tax liabilities and inter-company payables.

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

The measure used for reporting segment (loss)/profit is (loss)/profit from operations.

NOTES TO THE FINANCIAL STATEMENTS

(Expressed in Hong Kong dollars unless otherwise indicated)

14 SEGMENT REPORTING (continued)

(a) Segment results, assets and liabilities (continued)

Information regarding the Group's reportable segments as provided to the Group's most senior executive management for the purposes of resources allocation and assessment of segment performance for the years ended 31 March 2014 and 2013 is set out below:

	Medical devices		Cord blood storage		Hospital management		Medical insurance administration		Chinese herbal medicine		Total	
	2014	2013	**2014**	2013	**2014**	2013	**2014**	2013	**2014**	2013	**2014**	2013
	$'000	$'000	**$'000**	$'000	**$'000**	$'000	**$'000**	$'000	**$'000**	$'000	**$'000**	$'000
Revenue from external customers	**274,201**	277,242	**722,167**	647,265	**71,181**	126,930	**4,941**	2,121	**12,578**	25,504	**1,085,068**	1,079,062
Inter-segment revenue	**17,971**	–	**–**	–	**–**	–	**–**	–	**–**	–	**17,971**	–
Reportable segment revenue	**292,172**	277,242	**722,167**	647,265	**71,181**	126,930	**4,941**	2,121	**12,578**	25,504	**1,103,039**	1,079,062
Segment profit/(loss)	**136,459**	155,753	**331,038**	277,858	**(571,541)**	(16,161)	**(43,400)**	(41,804)	**(32,684)**	(28,407)	**(180,128)**	347,239
Depreciation and amortisation for the year	**8,284**	11,751	**47,786**	38,447	**63,058**	62,841	**11,440**	11,426	**22,113**	19,241	**152,681**	143,706
(Reversal of)/impairment loss on trade and other receivables	**(13)**	(32)	**22,656**	9,187	**62,788**	–	**–**	–	**–**	–	**85,431**	9,155
Impairment loss on intangible assets	**–**	–	**–**	–	**448,048**	–	**–**	–	**–**	–	**448,048**	–
Segment assets	**460,158**	415,185	**4,613,084**	3,738,691	**2,577,772**	3,419,092	**96,173**	105,875	**729,860**	744,430	**8,477,047**	8,423,273
Additions to fixed assets	**7,284**	2,232	**240,805**	287,125	**109,188**	143,860	**91**	221	**3**	1,885	**357,371**	435,323
Segment liabilities	**258,670**	244,447	**2,452,277**	1,714,444	**208,559**	206,807	**674**	722	**13,854**	11,670	**2,934,034**	2,178,090

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

14 SEGMENT REPORTING (continued)

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

Revenue

	2014 $'000	2013 $'000
Reportable segment revenue	**1,103,039**	1,079,062
Elimination of inter-segment revenue	**(17,971)**	—
Consolidated turnover	**1,085,068**	1,079,062

(Loss)/profit

	2014 $'000	2013 $'000
Reportable segment (loss)/profit	**(180,128)**	347,239
Finance costs	**(33,384)**	(57,080)
Changes in fair value of financial liabilities at fair value through profit or loss	**(353,208)**	(21,469)
Share of profits of associates	**39,573**	85,322
Share of losses of a joint venture	**(60,932)**	(30)
Gain on disposal of interest in an associate	**—**	8,527
Loss on deemed disposal of interest in an associate	**(33,072)**	—
Net realised and unrealised (loss)/gain on trading securities	**(32,173)**	2,517
Impairment loss on available-for-sale equity securities	**(25,374)**	—
Unallocated head office and corporate expenses	**(65,326)**	(66,295)
Consolidated (loss)/profit before taxation	**(744,024)**	298,731

(Expressed in Hong Kong dollars unless otherwise indicated)

14 SEGMENT REPORTING (continued)

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

Assets and liabilities

	2014 **$'000**	2013 $'000
Assets		
Reportable segment assets	**8,477,047**	8,423,273
Interest in an associate	—	792,880
Interest in a joint venture	—	62,951
Available-for-sale securities	**110,465**	143,656
Trading securities	**86,320**	212,402
Deferred tax assets	**13,588**	29,169
Non-current assets classified as held for sale	**806,327**	—
Unallocated head office and corporate assets	**119,398**	37,129
Consolidated total assets	**9,613,145**	9,701,460
Liabilities		
Reportable segment liabilities	**2,934,034**	2,178,090
Deferred tax liabilities	**165,757**	369,508
Financial liabilities at fair value through profit or loss	—	53,202
Share repurchase obligations	—	130,228
Other payables for exercised share repurchase obligation	—	150,177
Interest-bearing borrowings by holding companies	**641,819**	676,040
Unallocated head office and corporate liabilities	**21,051**	17,874
Consolidated total liabilities	**3,762,661**	3,575,119

(Expressed in Hong Kong dollars unless otherwise indicated)

15 FIXED ASSETS

(a) The Group

	Buildings held for own use	Leasehold improvements	Machinery	Motor vehicles	Furniture, fixtures and equipment	Construction in progress	Sub-total	Interests in leasehold land held for own use under operating leases	Total
Cost:									
At 1 April 2013	495,806	111,559	267,860	40,886	124,735	1,074,359	2,115,205	1,778,609	3,893,814
Exchange adjustments	7,810	1,801	4,044	407	1,932	18,419	34,413	13,895	48,308
Additions	–	3,105	9,532	9,460	11,316	324,208	357,621	–	357,621
Reclassification	34,178	(34,178)	–	–	–	–	–	–	–
Transfer from construction in progress	1,053,599	–	26,650	–	9,961	(1,090,210)	–	–	–
Disposals	–	–	(7,350)	(4,076)	(9,568)	–	(20,994)	–	(20,994)
At 31 March 2014	1,591,393	82,287	300,736	46,677	138,376	326,776	2,486,245	1,792,504	4,278,749
Accumulated amortisation and depreciation:									
At 1 April 2013	147,830	78,240	122,920	24,804	79,688	–	453,482	68,502	521,984
Exchange adjustments	2,605	890	2,261	266	1,344	–	7,366	563	7,929
Charge for the year	30,277	7,098	23,107	5,875	14,400	–	80,757	38,431	119,188
Reclassification	19,139	(19,139)	–	–	–	–	–	–	–
Written back on disposals	–	–	(3,722)	(3,891)	(9,558)	–	(17,171)	–	(17,171)
At 31 March 2014	199,851	67,089	144,566	27,054	85,874	–	524,434	107,496	631,930
Net book value:									
At 31 March 2014	1,391,542	15,198	156,170	19,623	52,502	326,776	1,961,811	1,685,008	3,646,819

(Expressed in Hong Kong dollars unless otherwise indicated)

15 FIXED ASSETS (continued)

(a) The Group (continued)

	Buildings held for own use	Leasehold improvements	Machinery	Motor vehicles	Furniture, fixtures and equipment	Construction in progress	Sub-total	Interests in leasehold land held for own use under operating leases	Total
Cost:									
At 1 April 2012	447,548	108,086	241,049	35,466	117,471	724,351	1,673,971	1,776,223	3,450,194
Exchange adjustments	2,076	502	1,177	122	363	4,273	8,513	2,386	10,899
Additions	–	2,026	13,954	6,906	13,358	402,869	439,113	–	439,113
Transfers	46,182	945	15,568	625	(6,186)	(57,134)	–	–	–
Disposals	–	–	(3,888)	(2,233)	(271)	–	(6,392)	–	(6,392)
At 31 March 2013	495,806	111,559	267,860	40,886	124,735	1,074,359	2,115,205	1,778,609	3,893,814
Accumulated amortisation and depreciation:									
At 1 April 2012	122,260	70,395	97,932	20,291	66,382	–	377,260	30,259	407,519
Exchange adjustments	890	309	373	64	225	–	1,861	143	2,004
Charge for the year	24,680	7,536	26,875	6,520	13,337	–	78,948	38,100	117,048
Written back on disposals	–	–	(2,260)	(2,071)	(256)	–	(4,587)	–	(4,587)
At 31 March 2013	147,830	78,240	122,920	24,804	79,688	–	453,482	68,502	521,984
Net book value:									
At 31 March 2013	347,976	33,319	144,940	16,082	45,047	1,074,359	1,661,723	1,710,107	3,371,830

(Expressed in Hong Kong dollars unless otherwise indicated)

15 FIXED ASSETS (continued)

(b) The Company

	Leasehold improvements	Motor vehicles	Furniture, fixtures and equipment	Total
Cost:				
At 1 April 2013	**3,093**	**5,680**	**1,508**	**10,281**
Additions	**83**	**—**	**140**	**223**
At 31 March 2014	**3,176**	**5,680**	**1,648**	**10,504**
Accumulated depreciation:				
At 1 April 2013	**3,093**	**5,491**	**1,329**	**9,913**
Charge for the year	**27**	**189**	**104**	**320**
At 31 March 2014	**3,120**	**5,680**	**1,433**	**10,233**
Net book value:				
At 31 March 2014	**56**	**—**	**215**	**271**

	Leasehold improvements	Motor vehicles	Furniture, fixtures and equipment	Total
Cost:				
At 1 April 2012	3,093	5,680	1,471	10,244
Additions	—	—	37	37
At 31 March 2013	3,093	5,680	1,508	10,281
Accumulated depreciation:				
At 1 April 2012	3,093	4,355	1,242	8,690
Charge for the year	—	1,136	87	1,223
At 31 March 2013	3,093	5,491	1,329	9,913
Net book value:				
At 31 March 2013	—	189	179	368

15 FIXED ASSETS (continued)

(c) At 31 March 2014, the Group had pledged interests in leasehold land and buildings with an aggregated carrying value of $231,284,000 (2013: $245,267,000), as collateral against certain loans granted to the Group by several banks (see note 30(i)).

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

	The Group	
	2014	2013
	$'000	$'000
Outside Hong Kong - under medium-term lease	**3,076,550**	2,058,083
Representing:		
Buildings held for own use	**1,391,542**	347,976
Interests in leasehold land held for own use under operating leases	**1,685,008**	1,710,107
	3,076,550	2,058,083

(e) Fixed assets held under finance leases

The Group leases three motor vehicles under finance leases expiring in 1.5 years to 3.5 years. At the end of the lease term, the Group has the option to purchase the leased motor vehicles at a price deemed to be a bargain purchase option. The leases do not include contingent rentals.

At the end of the reporting period, the net book value of motor vehicles held under finance leases of the Group was $2,761,000 (2013: $3,962,000).

(Expressed in Hong Kong dollars unless otherwise indicated)

16 INTANGIBLE ASSETS

The Group

	Note	Management service contract right	Operating right of cord blood banks	Total
Cost:				
At 1 April 2012		915,371	207,595	1,122,966
Exchange adjustments		2,718	1,438	4,156
At 31 March 2013 and 1 April 2013		**918,089**	**209,033**	**1,127,122**
Exchange adjustments		**19,042**	**3,604**	**22,646**
Disposal	37(b)(iv)	**(404,796)**	**—**	**(404,796)**
At 31 March 2014		**532,335**	**212,637**	**744,972**
Accumulated amortisation:				
At 1 April 2012		83,909	29,833	113,742
Exchange adjustments		426	247	673
Charge for the year		30,426	6,927	37,353
At 31 March 2013 and 1 April 2013		**114,761**	**37,007**	**151,768**
Exchange adjustments		**2,466**	**627**	**3,093**
Charge for the year		**27,779**	**7,099**	**34,878**
Written-back on disposal	37(b)(iv)	**(60,719)**	**—**	**(60,719)**
At 31 March 2014		**84,287**	**44,733**	**129,020**
Impairment loss:				
At 1 April 2013		**—**	**—**	**—**
Charge for the year		**(448,048)**	**—**	**(448,048)**
At 31 March 2014		**(448,048)**	**—**	**(448,048)**
Net book value:				
At 31 March 2014		**—**	**167,904**	**167,904**
At 31 March 2013		803,328	172,026	975,354

(Expressed in Hong Kong dollars unless otherwise indicated)

16 INTANGIBLE ASSETS (continued)

The intangible assets of the Group represents the management service contract right and operating right of cord blood banks. The amortisation charges for the years ended 31 March 2014 and 2013 are included in cost of sales in the consolidated income statement.

During the year ended 31 March 2014, the Group has undergone a restructuring in its hospital management segment and relocated Beijing Daopei Hospital to the new Beijing Qinghe Hospital. In view of the relocation and management forecasts, the Group made full impairment provision on the management service contract right of $448,048,000 and its associated trade receivables of $61,698,000 (note 26(b)).

17 GOODWILL

	The Group	
	2014	2013
	$'000	$'000
Cost:		
At beginning of the year	**571,222**	569,844
Exchange adjustments	**8,024**	1,378
At end of the year	**579,246**	571,222

Impairment tests for cash-generating units containing goodwill

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

	2014	2013
	$'000	$'000
Medical devices	**506**	506
Cord blood storage	**66,663**	66,663
Hospital management	**473,384**	465,360
Hospital operation	**38,693**	38,693
	579,246	571,222

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

(Expressed in Hong Kong dollars unless otherwise indicated)

17 GOODWILL (continued)

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

Key assumptions used for value-in-use calculations:

	2014	2013
	%	%
Gross margin		
Medical devices	**61.0**	63.0
Cord blood storage	**80.0**	76.0
Hospital management	**57.0**	76.0
Hospital operation	**54.0**	57.0
Growth rate		
Medical devices	**6.2**	8.7
Cord blood storage	**8.9**	9.4
Hospital management	**7.9**	8.7
Hospital operation	**5.6**	3.9
Discount rate		
Medical devices	**16.2**	16.4
Cord blood storage	**14.4**	15.7
Hospital management	**12.0**	14.0
Hospital operation	**12.0**	14.0

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

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

18 INTERESTS IN SUBSIDIARIES

(a) Investments in subsidiaries

	The Company	
	2014	2013
	$'000	$'000
Unlisted shares, at cost	**717,734**	669,566
Amounts due from subsidiaries, net	**2,078,101**	2,060,479
Convertible notes issued by subsidiaries (notes 33(b)(i) and (ii))	**916,502**	697,106
	3,712,337	3,427,151

Amounts due from subsidiaries are unsecured, interest-free and have no fixed terms of repayment but settlement is not expected within one year at the end of the reporting period. They are neither past due nor impaired.

(b) Amounts due to subsidiaries

Amounts due to subsidiaries are unsecured, interest-free and have no fixed terms of repayment but settlement is not expected within one year at the end of the reporting period.

(Expressed in Hong Kong dollars unless otherwise indicated)

18 INTERESTS IN SUBSIDIARIES (continued)

(c) Particulars of principal subsidiaries

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

Name of the Company	Place of establishment	Proportion of ownership interest: Group's effective holding	Proportion of ownership interest: Held by the Company	Proportion of ownership interest: Held by subsidiaries	Issued/ registered capital	Principal activities
Beijing Jingjing Medical Equipment Company Limited (i)	The PRC	100.00%	–	100.00%	US$10,100,000	Manufacture and sale of medical devices
China Bright Group Company Limited ("China Bright") (v)	Hong Kong	100.00%	100.00%	–	149,423,167 shares	Investment holding
GM Hospital Group Limited ("GMHG") (vi)	British Virgin Islands	82.67%	82.67%	–	US$100	Investment holding
GM Hospital Management (China) Company Limited (i)	The PRC	82.67%	–	100.00%	RMB380,000,000	Provision of hospital management service
GM Investment Company Limited	Hong Kong	100.00%	100.00%	–	1 share	Investment holding
Shanghai Baisuihang Pharmaceutical Company Limited (i)	The PRC	100.00%	–	100.00%	RMB150,000,000	Research and development, manufacture and sale of Chinese herbal medicines
Shanghai East International Medical Center ("SEIMC") (ii)	The PRC	46.30%	–	56.00%	US$5,250,000/ US$9,800,000	Hospital operation
Beijing Qinghe Hospital Company Limited ("Qinghe") (iii)	The PRC	47.88%	–	82.73%	RMB150,000,000	Hospital operation
Golden Meditech (Shanghai) Company Limited (i)	The PRC	100.00%	–	100.00%	US$10,000,000	Software design and production of medical equipments
GM Medicare Management (China) Company Limited (i)	The PRC	70.00%	–	100.00%	US$15,000,000	Provision of medical insurance administration service

(Expressed in Hong Kong dollars unless otherwise indicated)

18 INTERESTS IN SUBSIDIARIES (continued)

(c) Particulars of principal subsidiaries (continued)

Name of the Company	Place of establishment	Proportion of ownership interest: Group's effective holding	Held by the Company	Held by subsidiaries	Issued/ registered capital	Principal activities
China Cord Blood Corparation ("CCBC") (iv)	Cayman Islands	41.95%	—	41.95%	US$7,314	Investment holding
Beijing Jiachenhong Biological Technologies Company Limited (i)	The PRC	41.95%	—	100.00%	RMB280,000,000	Provision of cord blood storage service
Guangzhou Municipality Tianhe Nuoya Bio-engineering Company Limited (i)	The PRC	41.95%	—	100.00%	RMB50,290,183/ RMB90,000,000	Provision of cord blood storage service
Zhejiang Lukou Biotechnology Company Limited (iii)	The PRC	37.76%	—	90.00%	RMB50,000,000	Provision of cord blood storage service

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

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

(iii) These subsidiaries are the PRC domestic enterprises.

(iv) Although the Group owns less than half of the voting power of this investee since 1 July 2009, the directors have determined that the Group has de facto control over CCBC on the basis that the remaining voting rights in the investee are widely dispersed and that there is no indication that all other shareholders exercise their votes collectively.

(v) With the completion of exercise of put options as mentioned in note 37(a), the Group's effective interests in China Bright increased to 100.00% as at 31 March 2014.

(vi) With the completion of acquisition of 7.67% additional interests in GMHG from a non-controlling interest shareholder as mentioned in note 37(b)(iv), the Group's effective interests in GMHG increased to 82.67% as at 31 March 2014.

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

18 INTERESTS IN SUBSIDIARIES (continued)

(d) Non-controlling interests in subsidiaries

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

	2014			
	GMHG $'000	CCBC $'000	Other individually immaterial subsidiaries $'000	Total $'000
NCI percentage	17.33%	58.05%		
Current assets	143,791	2,576,169		
Non-current assets	1,985,882	1,976,243		
Current liabilities	(1,739,533)	(449,257)		
Non-current liabilities	(2,716)	(2,621,339)		
Net assets	387,424	1,481,816		
Carrying amount of NCI	451,340	906,650	(367)	1,357,623
Revenue	71,181	722,167		
Loss for the year	(759,315)	(194,656)		
Total comprehensive income	(741,876)	(88,610)		
Loss allocated to NCI	(162,956)	(113,001)	(7,826)	(283,783)
Dividend paid to NCI	12,834	—	—	12,834
Cash flows generated from operating activities	61,180	721,370		
Cash flows used in investing activities	(146,690)	(168,261)		
Cash flows generated from/(used in) financing activities	37,588	(63,387)		

(Expressed in Hong Kong dollars unless otherwise indicated)

18 INTERESTS IN SUBSIDIARIES (continued)

(d) Non-controlling interests in subsidiaries (continued)

	2013				
	China Bright $'000	GMHG $'000	CCBC $'000	Other individually immaterial subsidiaries $'000	Total $'000
NCI percentage	4.91%	25.00%	58.05%		
Current assets	323,274	239,240	2,052,323		
Non-current assets	1,368,379	2,699,415	1,727,637		
Current liabilities	(477,091)	(1,280,531)	(370,708)		
Non-current liabilities	(344,903)	(519,493)	(1,758,795)		
Net assets	869,659	1,138,631	1,650,457		
Carrying amount of NCI	42,700	648,670	958,090	11,440	1,660,900
Revenue	277,242	126,930	647,265		
Profit/(loss) for the year	121,981	(61,233)	125,501		
Total comprehensive income	115,493	(59,057)	125,017		
Profit/(loss) allocated to NCI	18,770	(15,503)	73,173	(3,333)	73,107
Cash flows generated from/(used in) operating activities	108,326	(23,338)	704,614		
Cash flows generated from/(used in) investing activities	76,906	(227,453)	(593,761)		
Cash flows (used in)/generated from financing activities	(689,613)	234,558	755,598		

19 INTEREST IN AN ASSOCIATE

	The Group	
	2014	2013
	$'000	$'000
Share of net assets	—	601,420
Goodwill	—	191,460
	—	792,880

The following list contains the particulars of the associate which affected the results or assets of the Group:

Name of associate	Form of business structure	Place of establishment	Proportion of ownership held by the Group	Issued/ registered capital	Principal activities
Fortress Group Limited ("Fortress")	Incorporated	Cayman Islands	27.9%	US$10	Distribution and retail sale of personal electronic goods

The following table summarised the information of each of the Group's associate, adjusted for any differences in accounting policies and reconciled to the carrying amount in the consolidated financial statements and the share of profits and other comprehensive income of equity-accounted investees (net of tax).

	2014
	Fortress
	$'000
Place of business	**The PRC**
Group's effective interest	**27.9%(ii)**
Gross amount	
Revenue	**14,228,572**
Profit for the year	**141,840**
Other comprehensive income	**35,027**
Total comprehensive income	**176,867**
Reconciled to the Group's interest in an associate:	
Carrying amount in the consolidated financial statements (iii)	**—**
Group's share of profits	**39,573**
Group's share of total comprehensive income	**49,346**

19 INTEREST IN AN ASSOCIATE (continued)

	2013		
	Fortress $'000	CMIC $'000	Total $'000
Place of business	The PRC	The PRC	
Group's effective interest	29.4%	Nil(i)	
Gross amount			
Current assets	5,895,564		
Non-current assets	2,923,316		
Current liabilities	(4,732,046)		
Non-current liabilities	(2,042,578)		
Net assets	2,044,256		
Revenue	12,245,510	717,728	
Profit for the year	284,548	6,991	
Other comprehensive income	7,145	—	
Total comprehensive income	291,693	6,991	
Reconciled to the Group's interest in associates:			
Group's share of net assets	601,420		601,420
Goodwill	191,460		191,460
Carrying amount in the consolidated financial statements	792,880		792,880
Group's share of profits	83,714	1,608	85,322
Group's share of total comprehensive income	85,816	1,608	87,424

(i) On 12 June 2012, the Group entered into a sales and purchase agreement with China National Pharmaceutical Group Corporation to sell its entire interest in China National Medical Equipment Company Limited ("CMIC") with a consideration of RMB63,454,000 (equivalent to approximately $79,435,000). As a result, the related exchange reserve balance of $10,793,000 was reclassified to profit or loss and a gain on disposal of interest in an associate of $8,527,000 was recorded in profit or loss for the year ended 31 March 2013.

(ii) During the year ended 31 March 2014, Fortress had undertaken certain equity transactions which resulted in the dilution of the Group's interest in Fortress from 29.4% as at 31 March 2013 to 27.9%. As a result, a loss on deemed disposal of partial interest in an associate of $33,072,000 was recognised in profit or loss and $2,626,000 related exchange reserve balance was reclassified to profit or loss.

19 INTEREST IN AN ASSOCIATE (continued)

(iii) On 22 March 2014, the Group entered into a sales and purchase agreement with Sanpower Group Limited* (三胞集團有限公司) to sell its entire interest in Fortress, representing approximately 27.9% of the issued share capital of Fortress, for a consideration of US$101,264,000 (equivalent to approximately $789,863,000). Upon the completion of the transaction, the Group will not hold any interest in Fortress and Fortress will cease to be an associate of the Group. Therefore, the Group has reclassified its interest in an associate as non-current assets classified as held for sale (see note 21). Further details of the transaction are set out in the Company's circular dated 12 May 2014.

* English name is for identification purpose only.

20 INTEREST IN A JOINT VENTURE

	The Group	
	2014	2013
	$'000	$'000
Share of net assets	**—**	62,951

The following list contains the particular of the joint venture which affected the results or assets of the Group:

Name of joint venture	Form of business structure	Place of establishment	Proportion of ownership held by the Group	Issued/ registered capital	Principal activities
Capital Ally Investments Limited	Incorporated	British Virgin Islands	50%	US$10,000	Investment holding

The following table summarised the information of the Group's joint venture, adjusted for any differences in accounting policies and reconciled to the carrying amount in the consolidated financial statements:

	2014	2013
	$'000	$'000
Gross amount		
Current assets	**49,531**	134,406
Non-current assets	**—**	41,027
Current liabilities	**(49,531)**	(49,531)
Net assets	**—**	125,902

20 INTEREST IN A JOINT VENTURE (continued)

The following table summarised the information of the Group's joint venture, adjusted for any differences in accounting policies and reconciled to the carrying amount in the consolidated financial statements: (continued)

As at 31 March 2014, cash and cash equivalents of $244,000 (2013: $298,000) was included in above assets.

	2014 $'000	2013 $'000
Revenue	**—**	—
Loss for the year	**(121,864)**	(60)
Other comprehensive income	**(4,038)**	—
Total comprehensive income	**(125,902)**	(60)
Reconciled to the Group's interest in a joint venture:		
Gross amounts of net assets	**—**	125,902
Group's effective interest	**50%**	50%
Carrying amount in the consolidated financial statements	**—**	62,951

21 NON-CURRENT ASSETS CLASSIFIED AS HELD FOR SALE

As disclosed in note 19(iii), the Group determined to sell its entire interest in an associate. As at 31 March 2014, the Group has reclassified its interest in an associate as non-current assets classified as held for sale and transferred exchange reserve balance related to the interest in an associate to amounts recognised in other comprehensive income and accumulated in equity relating to non-current assets classified as held for sale.

	2014 $'000
Asset	
Interest in an associate (note 19(iii))	
– Share of net assets	**624,759**
– Goodwill	**181,568**
	806,327
Equity	
Amounts recognised in other comprehensive income and accumulated in equity relating to non-current assets classified as held for sale	**(46,393)**

22 AVAILABLE-FOR-SALE SECURITIES

	The Group	
	2014	2013
	$'000	$'000
Equity securities		
Listed outside Hong Kong	**181,558**	109,384
Unlisted	**360,878**	368,695
Less: Impairment loss	**(25,374)**	—
	517,062	478,079
Debt securities		
Unlisted	**1,950**	1,950
	519,012	480,029

As at 31 March 2014, certain unlisted available-for-sale equity securities of the Group were individually determined to be impaired (2013: $nil). Impairment losses on these investments were recognised in profit or loss in accordance with the accounting policy set out in note 2(l)(i).

23 INVENTORIES

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

	The Group	
	2014	2013
	$'000	$'000
Non-current		
Capitalised processing costs of donated umbilical cord blood units (i)	**60,212**	48,482
Current		
Raw materials	**29,894**	15,640
Work in progress	**6,265**	4,309
Finished goods	**10,807**	11,596
	46,966	31,545
	107,178	80,027

23 INVENTORIES (continued)

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

(i) The Group collects, tests, freezes and stores donated umbilical cord blood unit for future transplantation or research purposes in return for a fee.

Collection, testing and processing costs attributable to the processing of donated umbilical cord blood unit are capitalised as inventories, and recognised as cost of sales when revenue is recognised upon successful match of the donated umbilical cord blood units.

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

	The Group	
	2014	2013
	$'000	$'000
Carrying amount of inventories sold	**257,399**	256,831

24 NON-CURRENT TRADE AND OTHER RECEIVABLES

	The Group	
	2014	2013
	$'000	$'000
Trade receivables (note 26)	**283,822**	308,551
Investment deposits (i)	**266,320**	263,000
Prepayment and other deposits	**381**	94
	550,523	571,645

(i) Investment deposits as at 31 March 2014 and 2013 represent refundable earnest money for potential healthcare investments.

24 NON-CURRENT TRADE AND OTHER RECEIVABLES (continued)

Non-current trade receivables are due for payments as follows:

	The Group	
	2014	2013
	$'000	$'000
Fiscal year ending 31 March		
2015	**—**	42,455
2016	**44,610**	42,068
2017	**40,480**	40,909
2018	**35,699**	32,126
2019 and thereafter (for 2013)	**32,142**	195,983
2020 and thereafter (for 2014)	**184,639**	—
Less: Allowance for doubtful debts (note 26(b))	**(53,748)**	(44,990)
	283,822	308,551

25 TRADING SECURITIES

	The Group		The Company	
	2014	2013	**2014**	2013
	$'000	$'000	**$'000**	$'000
Equity securities listed in Hong Kong	**86,320**	118,155	**—**	—
Debt securities listed in Hong Kong	**—**	94,247	**—**	94,247
	86,320	212,402	**—**	94,247

(Expressed in Hong Kong dollars unless otherwise indicated)

26 TRADE AND OTHER RECEIVABLES

	The Group	
	2014	2013
	$'000	$'000
Trade receivables	**620,546**	718,558
Less: Allowance for doubtful debts (note 26(b))	**(81,800)**	(63,826)
	538,746	654,732
Representing:		
Non-current (note 24)	**283,822**	308,551
Current	**254,924**	346,181
Prepayments and deposits	**19,098**	7,470
Other receivables	**64,232**	35,876
Total current trade and other receivables	**338,254**	389,527

	The Company	
	2014	2013
	$'000	$'000
Other receivables	**7,728**	6,573

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

26 TRADE AND OTHER RECEIVABLES (continued)

(a) Ageing analysis

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

	The Group	
	2014	2013
	$'000	$'000
Neither past due nor impaired	**335,555**	457,666
Past due (net of allowance for doubtful debts)		
Within six months	**53,098**	58,582
Between seven and twelve months	**51,510**	66,977
Over one year	**98,583**	71,507
	203,191	197,066
	538,746	654,732

The Group's credit policy is set out in note 39(a).

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

Receivables that were past due but not impaired relate to a number of independent customers that have a good track record with the Group. Based on past experience, management believes that no impairment allowance is necessary in respect of these balances as there has not been a significant change in credit quality and the balances are still considered fully recoverable.

26 TRADE AND OTHER RECEIVABLES (continued)

(b) *Impairment of trade receivables*

Impairment loss in respect of trade receivables are recorded using an allowance account unless the Group is satisfied that recovery of the amount is remote, in which case the impairment loss is written-off against trade receivables directly (see note 2(l)(i)).

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

	The Group	
	2014	2013
	$'000	$'000
At beginning of the year	**63,826**	72,252
Impairment loss recognised	**85,431**	9,155
Amounts written-off	**(68,531)**	(17,940)
Exchange adjustments	**1,074**	359
At end of the year	**81,800**	63,826

27 TIME DEPOSITS

The balance represents bank deposits as at 31 March 2014 of $86,260,000 (2013: $63,102,000) which have an original maturity of six months.

28 CASH AND CASH EQUIVALENTS

(a) *Cash and cash equivalents comprise:*

	The Group		The Company	
	2014	2013	**2014**	2013
	$'000	$'000	**$'000**	$'000
Cash and cash equivalents in the statement of financial position	**2,711,714**	2,101,322	**91,592**	20,823
Cash and cash equivalents in the consolidated cash flow statement	**2,711,714**	2,101,322		

28 CASH AND CASH EQUIVALENTS (continued)

(b) Reconciliation of (loss)/profit before taxation to cash generated from operations:

	Note	2014 $'000	2013 $'000
(Loss)/profit before taxation		**(744,024)**	298,731
Adjustments for:			
Impairment loss on trade receivables	7(c)	**85,431**	9,155
Depreciation of property, plant and equipment	15(a)	**80,757**	78,948
Amortisation of land lease premium	15(a)	**38,431**	38,100
Amortisation of intangible assets	16	**34,878**	37,353
Interest income from bank deposits	5	**(11,373)**	(11,306)
Dividend income from trading securities	5	**(3,601)**	(3,115)
Dividend income from available-for-sale securities	5	**(12,412)**	(5,756)
Impairment loss on available-for-sale equity securities	22	**25,374**	—
Impairment loss on intangible assets	16	**448,048**	—
Net realised and unrealised loss/(gain) on trading securities	6	**32,173**	(2,517)
Net (gain)/loss on disposal of property, plant and equipment	6	**(77)**	1,140
Finance costs	7(a)	**33,384**	57,080
Changes in fair value of financial liabilities at fair value through profit or loss	33(ii)	**353,208**	21,469
Net exchange loss		**7,607**	—
Share of profits of associates	19	**(39,573)**	(85,322)
Loss on deemed disposal of interest in an associate	19(ii)	**33,072**	—
Gain on disposal of interest in an associate	19(i)	**—**	(8,527)
Share of losses of a joint venture	20	**60,932**	30
Effect of foreign exchange rates		**2,962**	543
Operating profit before changes in working capital		**425,197**	426,006
Decrease/(increase) in trade and other receivables		**13,206**	(29,438)
Increase in inventories		**(25,877)**	(5,755)
Increase in trade and other payables		**98,674**	71,842
Increase in deferred income		**400,516**	356,629
Cash generated from operations		**911,716**	819,284

(Expressed in Hong Kong dollars unless otherwise indicated)

29 TRADE AND OTHER PAYABLES

	The Group	
	2014	2013
	$'000	$'000
Non-current		
Other payables and accrued expenses	**206,516**	132,589
	206,516	132,589
Current		
Trade payables	**130,781**	115,317
Construction costs payables	**126,168**	94,204
Payable for exercised share repurchase obligations (note 37(a))	**—**	150,177
Other payables and accrued expenses	**170,139**	157,745
Dividends payable to equity shareholders of the Company	**36**	11
	427,124	517,454
	633,640	650,043

	The Company	
	2014	2013
	$'000	$'000
Payable for exercised share repurchase obligations (note 37(a))	**—**	150,177
Other payables and accrued expenses	**6,734**	10,723
Dividends payable to equity shareholders of the Company	**36**	11
	6,770	160,911

All current trade and other payables are expected to be settled within one year.

The Group is normally granted credit periods of one to three months by its suppliers. Details of the ageing analysis of trade payables are as follows:

	The Group	
	2014	2013
	$'000	$'000
Due within three months or on demand	**130,781**	115,317

30 INTEREST-BEARING BORROWINGS

At 31 March 2014 and 2013, the interest-bearing borrowings were repayable as follows:

	The Group		The Company	
	2014	2013	**2014**	2013
	$'000	$'000	**$'000**	$'000
Within one year or on demand	**765,955**	498,888	**296,400**	52,260
After one year but within five years	**77,249**	362,749	**77,249**	362,749
	843,204	861,637	**373,649**	415,009

At 31 March 2014 and 2013, the interest-bearing borrowings were secured as follows:

	The Group		The Company	
	2014	2013	**2014**	2013
	$'000	$'000	**$'000**	$'000
Secured bank loans	**575,034**	600,606	**373,649**	415,009
Unsecured loan from a third party	**268,170**	261,031	**—**	—
	843,204	861,637	**373,649**	415,009

(i) As 31 March 2014, the bank loans of certain subsidiaries under certain bank facilities of $201,385,000 (2013: $185,597,000) are secured by interests in leasehold land and buildings as detailed in note 15(c).

(ii) The bank loan of the Company of $373,649,000 (2013: $362,749,000) is secured by the convertible notes of US$50,000,000 issued by CCBC and the ordinary shares in CCBC issued to the Company upon and as a result of any conversion of the convertible notes in accordance with the terms of the convertible notes (note 33(b)(ii)). The loan is measured at amortised cost net of transaction costs paid. Of which, the Group repaid $296,400,000 in April 2014 (note 30(iv)).

(Expressed in Hong Kong dollars unless otherwise indicated)

30 INTEREST-BEARING BORROWINGS (continued)

(iii) Bank loan facilities of the Group of $496,870,000 (2013: $362,749,000) are subject to the fulfillment of covenants relating to certain of the Group's consolidated financial statements ratios and a subsidiary's financial statements ratios as are commonly found in lending arrangements with financial institutions. If the Group or the subsidiary were to breach the covenants, the drawn down facilities would become payable on demand. The Group regularly monitors its compliance with these covenants. As at 31 March 2014 and 2013, none of the covenants relating to drawn down facilities had been breached. Further details of the Group's management of liquidity risk are set out in note 39(b).

(iv) In February 2014, the Company signed a new facility agreement with a group of banks for a total facility amount of US$98,747,000 (equivalent to approximately $770,227,000) which was guaranteed by five of its subsidiaries, namely China Bright, GMHG, GM Hospital Investment Ventures Company Limited, GM Hospital Management Company Limited and Golden Meditech Stem Cells (BVI) Company Limited. The new facility was used to repay the existing loan of $296,400,000 (note 30(ii)) and the unsecured loan of $268,170,000. Accordingly, the loan of $296,400,000 was classified as current liability as at 31 March 2014 following the request of drawdown of US$82,000,000 (equivalent to approximately $639,600,000) by the Company in March 2014. The US$82,000,000 (equivalent to approximately $639,600,000) drawdown was completed in April 2014.

31 OBLIGATIONS UNDER FINANCE LEASES

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

	The Group			
	2014		2013	
	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	**1,306**	**1,385**	1,254	1,385
After one year but within two years	**914**	**942**	1,306	1,385
After two years but within five years	**265**	**274**	1,179	1,216
	1,179	**1,216**	2,485	2,601
	2,485	**2,601**	3,739	3,986
Less: Total future interest expenses		**(116)**		(247)
Present value of lease obligations		**2,485**		3,739

32 INCOME TAX IN THE CONSOLIDATED STATEMENT OF FINANCIAL POSITION

(a) Current taxation in the consolidated statement of financial position represents:

	The Group	
	2014	2013
	$'000	$'000
PRC income tax payable	**59,389**	75,739

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

(i) *The components of deferred tax liabilities/(assets) recognised in the consolidated statement of financial position and the movements during the year are as follows:*

	The Group						
	Depreciation/ amortisation allowance in excess of the related depreciation/ amortisation $'000	Intangible assets $'000	Allowance for doubtful debts $'000	Capitalised interests $'000	Withholding tax on dividends $'000	Others $'000	Total $'000
At 1 April 2012	160,249	211,466	(16,594)	—	—	(6,239)	348,882
(Credited)/charged to the consolidated income statement (note 8(a))	(4,065)	(7,607)	3,056	—	—	(830)	(9,446)
Exchange adjustments	442	598	(90)	—	—	(47)	903
At 31 March 2013 and 1 April 2013	**156,626**	**204,457**	**(13,628)**	**—**	**—**	**(7,116)**	**340,339**
(Credited)/charged to the consolidated income statement (note 8(a))	**(4,417)**	**(117,694)**	**(3,952)**	**8,533**	**6,461**	**2,392**	**(108,677)**
Exchange adjustments	**2,706**	**4,204**	**(269)**	**(11)**	**(16)**	**(88)**	**6,526**
Credited to other reserves (note 37(b)(iv))	**—**	**(86,019)**	**—**	**—**	**—**	**—**	**(86,019)**
At 31 March 2014	**154,915**	**4,948**	**(17,849)**	**8,522**	**6,445**	**(4,812)**	**152,169**

32 INCOME TAX IN THE CONSOLIDATED STATEMENT OF FINANCIAL POSITION (continued)

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

(ii) Reconciliation to the consolidated statement of financial position

	The Group	
	2014	2013
	$'000	$'000
Net deferred tax assets recognised in the consolidated statement of financial position	**(13,588)**	(29,169)
Net deferred tax liabilities recognised in the consolidated statement of financial position	**165,757**	369,508
	152,169	340,339

(c) Deferred tax assets not recognised:

In accordance with the accounting policy set out in note 2(t), the Group has not recognised deferred tax assets in respect of cumulative tax losses of $847,216,000 (2013: $711,878,000) as it is not probable that future taxable profits against which the losses can be utilised will be available in the relevant tax jurisdiction and entity. Cumulative tax losses of $650,510,000 (2013: $594,792,000) do not expire under the current tax legislation while cumulative tax losses amounting to $196,706,000 (2013: $117,086,000) will expire in five years under the current tax legislation.

(d) Deferred tax liabilities not recognised:

At 31 March 2014, temporary differences relating to the undistributed profits of subsidiaries in the PRC amounted to $998,795,000 (2013: $883,657,000). Deferred tax liabilities of $99,880,000 (2013: $88,366,000) have not been recognised in respect of the tax that would be payable on the distribution of these retained profits as the Company controls the dividend policy of these subsidiaries and it has been determined that it is probable that profits will not be distributed in the foreseeable future.

33 FINANCIAL LIABILITIES AT FAIR VALUE THROUGH PROFIT OR LOSS

(i) The components of financial liabilities at fair value through profit or loss recognised in the consolidated statement of financial position are as follows:

	The Group		The Company	
	2014 **$'000**	2013 $'000	**2014** **$'000**	2013 $'000
Convertible notes				
issued by the Company	**—**	53,202	**—**	53,202
issued by subsidiaries	**773,011**	560,765	**—**	—
	773,011	613,967	**—**	53,202
Written put and compensation options to non-controlling interests of a subsidiary issued by the Company (note 37(a))	**—**	—	**—**	75,561
Total	**773,011**	613,967	**—**	128,763
Representing:				
Current	**—**	53,202	**—**	128,763
Non-current	**773,011**	560,765	**—**	—
Total	**773,011**	613,967	**—**	128,763

(Expressed in Hong Kong dollars unless otherwise indicated)

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

(ii) The movements of financial liabilities at fair value through profit or loss during the year are as follows:

	The Group		The Company	
	2014 $'000	2013 $'000	**2014 $'000**	2013 $'000
At beginning of the year	**613,967**	341,717	**128,763**	188,164
Deemed redemption of convertible notes issued by a subsidiary (note 33(b)(i))	**—**	(251,411)	**—**	—
Issuance of convertible notes issued by a subsidiary (note 33(b)(ii))	**—**	507,000	**—**	—
Interest paid on convertible notes	**(36,730)**	(4,808)	**(1,240)**	(2,475)
Exercise of a portion of written put and compensation options issued by the Company	**—**	—	**(68,278)**	(232,220)
Changes in fair value of financial liabilities at fair value through profit or loss	**353,208**	21,469	**98,189**	175,294
Redemption of convertible notes issued by the Company (note 33(a))	**(157,434)**	—	**(157,434)**	—
At end of the year	**773,011**	613,967	**—**	128,763

As at 31 March 2014, the excess of the fair values of convertible notes upon initial recognition determined using unobservable inputs over the transaction price of $23,400,000 (2013: $75,806,000) has been deferred and has not yet been recognised in changes in fair value of financial liabilities at fair value through profit or loss due to the redemption of the convertible notes issued by the Company (note 33(a)).

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

(a) Convertible notes issued by the Company

On 20 July 2009 and 9 September 2009, the Company issued convertible notes with a 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 note holders of the July issue have 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 approximately $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 Subscription Option was exercised in full on 14 June 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. 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, which was subsequently extended to 20 January 2014 upon the amendment of terms on 3 January 2013. Accordingly, the carrying amount of the convertible notes issued by the Company was classified as current liability as at 31 March 2013.

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 the Company of par value of $0.10 each, 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 approximately $7,800,000 and has also issued by way of bonus, warrants to the note holders to subscribe for 1,908,000 ordinary shares of the Company, on the same terms as aforementioned.

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

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

Certain event (the "Relevant Event") occurred for the year ended 31 March 2014 which allowed the noteholders requested the Company to redeem all outstanding convertible notes in an aggregate principal amount of US$10,600,000 plus accrued interests and any additional interests for the Relevant Event in accordance with the terms and conditions to the convertible notes (together referred to as the "Early Redemption Amount").

In January 2014, the Company redeemed all the outstanding convertible notes issued by the Company at the Early Redemption Amount of $157,434,000 in cash.

(b) Convertible notes issued by subsidiaries

(i) Convertible notes issued by GMHG

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.

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

(b) *Convertible notes issued by subsidiaries (continued)*

(i) *Convertible notes issued by GMHG (continued)*

On 24 August 2012, the Company entered into an agreement with Hope Sky Investments Limited ("Hope Sky") to acquire the entire US$28,000,000 convertible notes issued by GMHG. The consideration of the purchase of the convertible notes was settled by the issuance of 279,344,444 newly issued ordinary shares of the Company. A gain on extinguishment of the financial liabilities of approximately $55,399,000, being the difference of the fair value of convertible notes and the fair value of issued ordinary shares on the transaction date, was recognised and included in the changes in fair value of financial liabilities at fair value through profit or loss. Accordingly, the carrying amounts of the convertible notes issued by GMHG have been fully eliminated in the consolidated statement of financial position.

In the Company's statement of financial position, the convertible notes have been recognised as interests in subsidiaries. As at 31 March 2014, the excess of the fair value of convertible notes upon initial recognition determined using unobservable inputs over the transaction price of $55,399,000 (2013: $55,399,000) has been deferred and has not yet been recognised.

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 announcements dated 30 September 2009, 28 June 2011 and 24 August 2012 respectively.

(ii) *Convertible notes issued by CCBC*

On 27 April 2012 and 18 September 2012, CCBC issued convertible notes with a face value of US$65,000,000 (equivalent to approximately $507,000,000) and US$50,000,000 (equivalent to approximately $390,000,000) to KKR China Healthcare Investment Limited ("KKR") and to the Company with a maturity date of 27 April 2017 and 18 September 2017 respectively. Both notes bear interest at 7% per annum and are unsecured.

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

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

— If a noteholder exercises his conversion rights, CCBC is required to deliver CCBC's ordinary shares initially at US$2.838 per share, subject to adjustments under certain terms and conditions of the convertible notes.

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

(b) Convertible notes issued by subsidiaries (continued)

(ii) Convertible notes issued by CCBC (continued)

Unless previously redeemed or converted, the convertible notes held by KKR and the Company will be redeemed at face value on 27 April 2017 and 18 September 2017 respectively.

The carrying amount of the convertible notes held by the Company has been fully eliminated in the consolidated statement of financial position.

In the Company's statement of financial position, the convertible notes held by the Company have been recognised as interests in subsidiaries. As at 31 March 2014, the difference of the fair value of convertible notes upon initial recognition determined using unobservable inputs less than the transaction costs of $6,404,000 (2013: $6,404,000) has been deferred and has not yet been recognised.

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

34 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 37(a)) and are stated at amortised cost. Movements of share repurchase obligations during the year are as follows:

	The Group	
	2014	2013
	$'000	$'000
At beginning of the year	**130,228**	554,167
Amortised to other reserves	**6,048**	26,316
Exercised (note 37(a))	**(136,276)**	(450,255)
At end of the year	**—**	130,228

During the year ended 31 March 2014, changes in amortised cost of share repurchase obligations of $6,048,000 (2013: $26,316,000) has been recognised directly in equity.

35 DEFERRED INCOME

Deferred income represents prepaid cord blood stem cell examination, processing, separation and storage fees received from customers for which the related services are expected to be rendered within one year or after one year from the reporting date.

	The Group	
	2014	2013
	$'000	$'000
Prepayments by customers prior to completion of cord blood stem cell processing service	**117,807**	116,961
Unearned storage fees	**1,166,946**	752,882
Total	**1,284,753**	869,843
Representing:		
Current	**247,722**	213,745
Non-current	**1,037,031**	656,098
Total	**1,284,753**	869,843

(Expressed in Hong Kong dollars unless otherwise indicated)

36 CAPITAL, RESERVES AND DIVIDENDS

(a) Movements in components of equity

The reconciliation between the opening and closing balances of each component of the Group's consolidated equity is set out in the consolidated statement of changes in equity. Details of the changes in the Company's components of equity between the beginning and end of the year are set out below:

	Note	Share capital $'000	Share premium $'000	Capital redemption reserve $'000	Capital reserve $'000	Retained profits $'000	Total $'000
Balance at 1 April 2013		**227,184**	**1,814,652**	**11,679**	**30,172**	**760,792**	**2,844,479**
Changes in equity for the year ended 31 March 2014:							
Profit and total comprehensive income for the year	11	—	—	—	—	41,575	41,575
Shares issued upon open offer	36(b)(i)	113,920	455,678	—	—	—	569,598
Shares issued in lieu of cash dividends	36(b)(iii)	655	4,736	—	—	(29,534)	(24,143)
Balance at 31 March 2014		**341,759**	**2,275,066**	**11,679**	**30,172**	**772,833**	**3,431,509**

36 CAPITAL, RESERVES AND DIVIDENDS (continued)

(a) Movements in components of equity (continued)

	Note	Share capital $'000	Share premium $'000	Capital redemption reserve $'000	Capital reserve $'000	Retained profits $'000	Total $'000
Balance at 1 April 2012		198,903	1,588,562	11,679	30,172	783,380	2,612,696
Changes in equity for the year ended 31 March 2013:							
Profit and total comprehensive income for the year	11	—	—	—	—	96	96
Shares issued upon deemed redemption of convertible notes issued by a subsidiary	36(b)(ii)	27,935	223,476	—	—	—	251,411
Shares issued in lieu of cash dividends	36(b)(iii)	346	2,614	—	—	(22,684)	(19,724)
Balance at 31 March 2013		227,184	1,814,652	11,679	30,172	760,792	2,844,479

(b) Share capital

	Note	**2014** Shares '000	**2014** Amount $'000	2013 Shares '000	2013 Amount $'000
Authorised:					
Ordinary shares of $0.10 each		**4,000,000**	**400,000**	4,000,000	400,000
Issued and fully paid:					
At beginning of the year		**2,271,838**	**227,184**	1,989,032	198,903
Shares issued upon open offer	(i)	**1,139,196**	**113,920**	—	—
Share issues upon deemed redemption of convertible notes issued by a subsidiary	(ii)	**—**	**—**	279,344	27,935
Shares issued in lieu of cash dividends	(iii)	**6,553**	**655**	3,462	346
At end of the year		**3,417,587**	**341,759**	2,271,838	227,184

36 CAPITAL, RESERVES AND DIVIDENDS (continued)

(b) Share capital (continued)

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

(i) Shares issued upon open offer

On 2 January 2014, 1,139,195,777 new ordinary shares ("Offer share(s)") were issued as a result of open offer on the basis of one Offer share for every two shares held by eligible shareholders at the subscription price of $0.50 per Offer share. Accordingly, $113,920,000 was credited to share capital and $455,678,000 was credited to share premium.

(ii) Shares issued upon deemed redemption of convertible notes issued by a subsidiary

On 24 August 2012, the Company entered into an agreement with Hope Sky to acquire the US$28,000,000 convertible notes by the issuance of 279,344,444 of the Company's new ordinary shares at $0.90 per share on the transaction date as a consideration. The consideration shares were measured at market value on the transaction date. Accordingly, $27,935,000 was credited to share capital and $223,476,000 was credited to share premium.

(iii) Shares issued in lieu of cash dividends

On 25 November 2013, 6,553,252 new ordinary shares at $0.8227 per share were issued by the Company as dividends which was approved by the board of directors. Accordingly, $655,000 was credited to share capital and $4,736,000 was credited to share premium (note 36(d)).

On 20 November 2012, 3,462,032 new ordinary shares at $0.855 per share were issued by the Company as dividends which was approved by the board of directors. Accordingly, $346,000 was credited to share capital and $2,614,000 was credited to share premium (note 36(d)).

36 CAPITAL, RESERVES AND DIVIDENDS (continued)

(c) Reserves

Nature and purpose of reserves:

(i) Share premium

Under the Companies Law (2004 Revision) of the Cayman Islands, the funds in the share premium account of the Company are distributable to the shareholders of the Company provided that immediately following the date on which the dividend is proposed to be distributed, the Company will be in a position to pay off its debts as they fall due in the ordinary course of business.

(ii) Capital redemption reserve

The capital redemption reserve represents the nominal value of the shares repurchased which has been paid out of the distributable reserves of the Company.

(iii) Capital reserve

The capital reserve comprises the fair value of the actual or estimated number of outstanding share options granted to employees of the Group and the Company recognised in accordance with the accounting policy adopted for share-based payments in note 2(s)(ii).

(iv) Merger reserve

The merger reserve represents the difference between the nominal value of the share capital of subsidiaries acquired and the nominal value of shares issued by the Company in exchange thereof.

(v) Exchange reserve

The exchange reserve comprises all foreign exchange differences arising from the translation of the financial statements of operations outside Hong Kong. The reserve is dealt with in accordance with the accounting policy set out in note 2(w).

36 CAPITAL, RESERVES AND DIVIDENDS (continued)

(c) Reserves (continued)

(vi) Surplus reserve

According to the relevant rules and regulations in the PRC, certain subsidiaries are required to appropriate 10% of after-tax profit (after offsetting prior year losses), based on the PRC statutory financial statements prepared in accordance with the relevant accounting principles and financial regulations applicable to foreign investment enterprises in the PRC, to a surplus reserve until the balance of the reserve reaches 50% of their respective registered capital. Thereafter, any further appropriations can be made at the directors' discretion. The surplus reserve can be utilised to offset prior year losses, or be utilised for issuance of bonus shares on condition that the surplus reserve shall be maintained at a minimum of 25% of the registered capital after such issuance.

(vii) Fair value reserve

The fair value reserve comprises the cumulative net change in the fair value of available-for-sale securities held at the end of the reporting period and is dealt with in accordance with the accounting policy set out in note 2(g).

(viii) Other reserves

The followings are charged/credited to other reserves:

(1) the excess of purchase consideration on acquisition of non-controlling interests over the carrying value of share of net assets acquired;

(2) gain/loss on acquisition or dilution of interests in subsidiaries where the Group's interest in a subsidiary is increased/decreased without losing control; and

(3) changes in amortised costs of share repurchase obligations.

36 CAPITAL, RESERVES AND DIVIDENDS (continued)

(d) Distributability of reserves

At 31 March 2014, the aggregate amount of reserves available for distribution to equity shareholders of the Company was $3,047,899,000 (2013: $2,575,444,000).

At the meeting of the board of directors held on 29 April 2014, the board of directors recommended the payment of a special dividend of $0.03 per Consolidated Share (see note 13(a)). Shareholders are provided with an option to receive the special dividend in cash or an allotment of shares credited as fully paid to be issued in lieu of cash (the "Special Dividend"). Full details of the Special Dividend were set out in the circular of the Company dated on 19 June 2014.

At the meeting of the board of directors held on 24 June 2014, the board of directors recommended the payment of a final dividend of $0.026 per Consolidated Share for the year ended 31 March 2014 (the "2014 Final Dividend"). Shareholders will be given an option to receive the 2014 Final Dividend in cash or an allotment of scrip shares in lieu of cash (the "Scrip Dividend Arrangement"). The Scrip Dividend Arrangement is subject to: (1) the approval of the proposed the 2014 Final Dividend and Scrip Dividend Arrangement at the forthcoming annual general meeting; and (2) the Stock Exchange granting the listing of and permission to deal in the new shares to be allotted and issued under the Scrip Dividend Arrangement.

The Special Dividend and 2014 Final Dividend have not been recognised as liability at the end of the reporting period.

At the annual general meeting held on 24 September 2013, the board of directors recommended and shareholders approved the payment of a final dividend for the year ended 31 March 2013 of $0.013 per issued ordinary share of the Company of par value of $0.10 each (the "2013 Final Dividend"). Shareholders were given an option to receive the 2013 Final Dividend in cash or an allotment of scrip shares in lieu of cash. Full details of the 2013 Final Dividend were set out in the circular of the Company dated 15 October 2013.

36 CAPITAL, RESERVES AND DIVIDENDS (continued)

(e) Capital management

The Group's primary objectives when managing capital are to safeguard the Group's ability to continue as a going concern, so that it can continue to provide returns for shareholders and benefits for other stakeholders, by pricing products and services commensurately with the level of risk and by securing access to finance at a reasonable cost.

The Group actively and regularly reviews and manages its capital structure to maintain a balance between the higher shareholder returns that might be possible with higher levels of borrowings and the advantages and security afforded by a sound capital position, and makes adjustments to the capital structure in light of changes in economic conditions.

Consistent with industry practice, the Group monitors its capital structure on the basis of a debt-to-capital ratio. For this purpose, the Group defines debt as total interest-bearing borrowings and debts, obligations under finance leases and financial liabilities at fair value through profit or loss. Capital comprises all components of equity.

During the year ended 31 March 2014, the Group's strategy, which was unchanged from 2013, was to maintain a stable debt-to-capital ratio. In order to maintain or adjust the ratio, the Group may adjust the amount of dividends paid to shareholders, issue new shares, return capital to shareholders, raise new debt financing or sell assets to reduce debt.

The debt-to-capital ratios at 31 March 2014 and 2013 were as follows:

		The Group		The Company	
	Note	**2014** **$'000**	2013 $'000	**2014** **$'000**	2013 $'000
Interest-bearing borrowings	30	**843,204**	861,637	**373,649**	415,009
Interest-bearing other payables	29	**—**	150,177	**—**	150,177
Obligations under finance leases	31	**2,485**	3,739	**—**	—
Financial liabilities at fair value through profit or loss	33	**773,011**	613,967	**—**	128,763
Total debt		**1,618,700**	1,629,520	**373,649**	693,949
Total equity		**5,850,484**	6,126,341	**3,431,509**	2,844,479
Debt-to-capital ratio		**27.67%**	26.60%	**10.89%**	24.40%

Neither the Company nor any of its subsidiaries are subject to externally imposed capital requirements except for those as described in note 30.

37 ACQUISITIONS AND DISPOSALS

(a) Disposal and acquisition of partial interests in China Bright

On 27 August 2010, the Company sold 23.9% equity interest in a then wholly owned subsidiary, 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 Stock Exchange, NASDAQ or the New York Stock Exchange (together referred as "qualified IPO markets") with a market capitalisation of US$280,000,000 (equivalent to approximately $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 approximately $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 (note 34).

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 within 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 Stock Exchange, NASDAQ or the New York Stock Exchange with a market capitalisation of US$280,000,000 (equivalent to approximately $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.

On 26 August 2012, the Company reached supplemental agreements with the investors to extend the expiry date of 20.55% of the total Put option shares, representing 7,332,808 ordinary shares or 4.91% equity interest of China Bright from 26 August 2012 to 26 February 2014, and include Taiwan Stock Exchange and Singapore Stock Exchange as qualified IPO markets for China Bright to complete a separate listing ("Adjusted Put option"). The Adjusted Put option gives the investors the right to require the Company to re-acquire the sold shares of China Bright at a consideration of $116,445,000 plus 1% interest per month for the period from 27 August 2012 and ending on the closing date of the Company's acquisition of the sold shares.

37 ACQUISITIONS AND DISPOSALS (continued)

(a) Disposal and acquisition of partial interests in China Bright (continued)

The Company subsequently reached several settlement agreements with respective investors to exercise the Put option as follows:

(i) On 27 September 2012, 20.55% of the total Put option shares, representing 7,332,809 ordinary shares or 4.91% equity interest of China Bright, were exercised in full. The consideration of $116,445,000 was fully paid in cash in October 2012, the underlying shares of the Put Option 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 or 4.25% equity interest of China Bright, were exercised in full. The consideration is payable by the Company by installments. 50% and 25% of the total consideration together with agreed interest of $50,459,000 and $27,122,000 were paid in cash in September 2012 and March 2013 respectively. The remaining 25% consideration with agreed interests of $29,014,000 was paid in September 2013.

(iii) On 16 November 2012, 41.1% of the total Put option shares, representing 14,665,617 ordinary shares or 9.81% equity interest of China Bright, were exercised in full. The consideration was paid by the Company by installments. 50% of the total consideration with agreed interests of $116,445,000 was paid in cash in November 2012. The remaining 25% and 25% of the total consideration with agreed interests of $66,956,000 and $69,278,000 were paid in cash in May 2013 and December 2013 respectively.

(iv) In January 2014, all the Adjusted Put option shares, representing 7,332,808 ordinary shares or 4.91% equity interest of China Bright, were exercised in full. The consideration with agreed interests of $136,276,000 was fully paid in cash in January 2014.

In the Company's statement of financial position, the Put option and the Compensation option, which represent obligations in respect of a subsidiary's shares, have been recognised as financial liabilities at fair value through profit or loss (see note 33), and were initially recognised at fair value of $167,000,000.

For the year ended 31 March 2014, the decrease in fair value of the Put and Compensation options of $7,283,000 has been credited to the Company's profit or loss. As at 31 March 2014, all the Put and Compensation options had been exercised and there was no outstanding Put and Compensation options at year end.

For the year ended 31 March 2013, the increase in fair value of the exercised Put and Compensation options (79.45%) and the outstanding Put and Compensation options (20.55%) of $127,354,000 and $48,440,000 have been charged to the Company's profit or loss, respectively.

Further details and terms and conditions of the Put option and the 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.

37 ACQUISITIONS AND DISPOSALS (continued)

(b) Disposal and acquisition of partial interests in subsidiaries

(i) As mentioned in note 36(b)(ii), on 24 August 2012, the Company acquired the convertible notes issued by GMHG. 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% as at 31 March 2013.

(ii) On 15 August 2012, CCBC entered into a share repurchase agreement with Cordlife (Hong Kong) Limited ("Cordlife HK"), the non-controlling interest shareholder of China Stem Cells (South) Company Limited ("CSC"), to acquire the 10% equity interest in CSC held by Cordlife HK with a cash consideration of US$16,841,000 (equivalent to approximately $130,045,000). Simultaneously, CCBC entered into a share purchase agreement with Cordlife Group Limited ("CGL"), the holding company of Cordlife HK, pursuant to which CGL is obligated to purchase 7,314,015 ordinary shares, representing 10% equity interest of CCBC, owned by CCBC and held as treasury stock, for a cash consideration of US$20,845,000 (equivalent to approximately $161,193,000).

Upon the completion of the above transactions on 12 November 2012, CGL acquired 10% equity interests of CCBC and CSC became a wholly-owned subsidiary of CCBC. The cash considerations were settled in a net cash basis of US$4,004,000 (equivalent to approximately $31,148,000).

(iii) During the year ended 31 March 2013, the Group acquired additional interests in CCBC for a cash consideration of US$1,123,000 (equivalent to approximately $8,759,000).

(iv) On 14 January 2014, the Company completed the acquisition of 7.67% additional interests in GMHG from a non-controlling interest shareholder of GMHG (the "Contracted Party"). As consideration of the acquisition, the Group (i) terminated its management service contract in Shanghai Daopei Hospital (the "Disposed Management Service Contract Right"), (ii) transferred 70% equity interest in Shanghai Daopei Medicine Technology Company Limited (the "Disposed Subsidiary") to the Contracted Party and (iii) received additional proceeds of RMB40,000,000 (equivalent to approximately $50,300,000) from the Contracted Party and settled trade receivables from Shanghai Daopei Hospital. At the completion date, the difference of $221,338,000 between (A) the fair value of the Disposed Management Service Contract Right of $344,077,000 (note 16), net of associated deferred tax liabilities of $86,019,000 (note 32(b)), plus the net assets value of the Disposed Subsidiary of $4,863,000; and (B) the carrying amount of 7.67% additional equity interests of $28,894,000 and net proceeds of $12,689,000 (additional proceeds of $50,300,000 offset by settlement of trade receivables), and the related exchange reserve of $9,524,000, was debited to other reserves as the transactions were accounted for as transactions within the shareholders of the Company in their capacity as equity holder.

Upon completion, the Group held 82.67% equity interests in GMHG. Assuming the Company elects to convert all the acquired convertible notes issued by GMHG (note 36(b)(ii)) into new GMHG shares, the Group's interest in GMHG will increase from 82.67% to 85.15% as at 31 March 2014.

38 SHARE OPTIONS

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

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

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

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

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

(iv) Pursuant to each of the 2002 Scheme and the Current Scheme, the total number of shares issued and to be issued upon the exercise of all share options granted and to be granted to each Participant (including both exercised and outstanding share options) in any 12-month period up to and including the offer date shall not exceed 1% of the shares in issue as at the offer date.

38 SHARE OPTIONS (continued)

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

(v) Pursuant to the 2002 Scheme, a share option may be exercised at any time during a period notified by the board of directors to the grantee provided that such period shall not commence earlier than 27 December 2002 and shall not be longer than 10 years from the date of offer. These options have been expired as at 31 March 2013.

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

(vi) Pursuant to each of the 2002 Scheme and the Current Scheme, a share option may be granted by the board of directors upon any terms and conditions as it may think fit subject to the rules of the Schemes and the Rules Governing the Listing of Securities on the GEM of the Stock Exchange.

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

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

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

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

(3) the nominal value of the shares.

(Expressed in Hong Kong dollars unless otherwise indicated)

38 SHARE OPTIONS (continued)

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

	Exercise price	Number of share options	Vesting conditions	Contract life of share options
Share options granted to directors:				
– on 4 March 2005 ("Option 1")	1.388	4,400,000	– immediately 3 months after the date of grant	Expire at the close of business on 28 February 2015
– on 30 March 2005 ("Option 2")	1.527	63,206,245	– up to 20% immediately after 6 months from the date of grant – up to 60% immediately after 18 months from the date of grant – up to 100% immediately after 30 months from the date of grant	Expire at the close of business on 3 March 2015
– on 27 April 2009 ("Option 3")	0.998	21,700,000	– up to 30% immediately after the date of grant – up to 60% immediately after 6 months from the date of grant – up to 100% immediately after 12 months from the date of grant	Expire at the close of business on 26 April 2019

(Expressed in Hong Kong dollars unless otherwise indicated)

38 SHARE OPTIONS (continued)

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

	Exercise price	Number of share options	Vesting conditions	Contract life of share options
Share options granted to employees:				
– on 4 March 2005 ("Option 1")	1.388	9,870,000	– immediately 3 months after the date of grant	Expire at the close of business on 28 February 2015
– on 27 April 2009 ("Option 3")	0.998	23,633,000	– up to 30% immediately after the date of grant – up to 60% immediately after 6 months from the date of grant – up to 100% immediately after 12 months from the date of grant	Expire at the close of business on 26 April 2019
		122,809,245		

Each share option entitles the holder to subscribe for approximately 1.15 ordinary shares of the Company of par value of $0.10 at 31 March 2014 (2013: 1 ordinary share of the Company of par value of $0.10).

There are 122,809,245 options outstanding and exercisable at 31 March 2014 (2013: 122,809,245). The options outstanding at 31 March 2014 had an exercise price of $0.998 to $1.527 (2013: $1.15 to $1.76) and a weighted average remaining contractual life of 2.46 years (2013: 3.46 years).

The exercise prices of the share options and the number of shares that can be subscribed for upon the exercise of the share options shown above have been adjusted to reflect the effect of open offer mentioned in note 36(b)(i). Further details are set out in the Company's announcement dated 31 December 2013.

39 FINANCIAL RISK MANAGEMENT AND FAIR VALUES

Exposure to credit, liquidity, interest rate and currency risks arises in the normal course of the Group's business. The Group is also exposed to equity price risk arising from its equity investments in other entities and the impact of equity prices on the fair value of convertible notes liabilities.

The Group's exposure to these risks and the financial risk management policies and practices used by the Group to manage these risks are described below.

(a) Credit risk

The Group's credit risk is primarily attributable to trade and other receivables. Management has a credit policy in place and the exposures to these credit risks are monitored on an ongoing basis.

In respect of trade and other receivables, individual credit evaluations are performed on all customers requiring credit over a certain amount. The status of the receivables is closely monitored to minimise any credit risk associated with these receivables. Trade receivables of the medical devices segment are due within 60 to 180 days from the date of billing. For trade receivables of cord blood storage segment, receivables are due in accordance with the payment schedule. For receivables of the other operating segments, trade receivables are due on goods delivered or services performed. A regular review is carried out and follow up actions are taken on overdue amounts to minimise the Group's exposure to credit risk. Cash at bank and time deposits are placed with licensed financial institutions with high credit ratings. The Group monitors the exposure to each financial institution.

The Group's exposure to credit risk is influenced mainly by the individual characteristics of each debtor with the exception of cord blood storage segment for which outstanding account balances are reviewed on a pooled basis by aging of such balances. The default risk of the industry and country in which customers operate also has an influence on credit risk.

At the end of the reporting period, the Group has a certain concentration of credit risk as 12% (2013: 15%) and 20% (2013: 36%) of the trade receivables were due from the Group's largest customer and the five largest customers respectively.

The maximum exposure to credit risk is represented by the carrying amount of each financial asset in the consolidated statement of financial position after deducting any impairment allowance. Except for the financial guarantees disclosed in note 41, the Group does not provide any other guarantees which would expose the Group to credit risk. The maximum exposure to credit risk in respect of these financial guarantees at the end of the reporting period is disclosed in note 41.

Further quantitative disclosures in respect of the Group's exposure to credit risk arising from trade receivables are set out in notes 24 and 26.

39 FINANCIAL RISK MANAGEMENT AND FAIR VALUES (continued)

(b) Liquidity risk

Individual operating entities within the Group are responsible for their own cash management, including the short-term investment of cash surpluses and the raising of loans to cover expected cash demands. The Group's policy is to regularly monitor current and expected liquidity requirements to ensure that it maintains sufficient reserves of cash and readily realisable marketable securities and adequate committed lines of funding from major financial institutions to meet its liquidity requirements in the short and longer term.

The following table details the remaining contractual maturities at the end of the reporting period of the Group's and the Company's financial liabilities, which are based on contractual undiscounted cash flows (including interest payments computed using contractual rates or, if floating, based on rates current at the end of the reporting period) and the earliest date the Group and the Company are required to pay:

The Group

		2014					2013				
	Note	**Within 1 year or on demand $'000**	**More than 1 year but less than 2 years $'000**	**More than 2 years but less than 5 years $'000**	**Total $'000**	**Carrying amount $'000**	Within 1 year or on demand $'000	More than 1 year but less than 2 years $'000	More than 2 years but less than 5 years $'000	Total $'000	Carrying amount $'000
Trade and other payables	29	**427,124**	**206,516**	**—**	**633,640**	**633,640**	530,203	132,589	—	662,792	650,043
Interest-bearing borrowings	30	**778,475**	**95,580**	**—**	**874,055**	**843,204**	533,433	16,189	398,250	947,872	861,637
Obligations under finance leases	31	**1,385**	**942**	**274**	**2,601**	**2,485**	1,385	1,385	1,216	3,986	3,739
Convertible notes	33	**35,490**	**35,490**	**577,980**	**648,960**	**773,011**	120,650	35,490	613,470	769,610	613,967
Share repurchase obligations	34	**—**	**—**	**—**	**—**	**—**	137,405	—	—	137,405	130,228
		1,242,474	**338,528**	**578,254**	**2,159,256**	**2,252,340**	1,323,076	185,653	1,012,936	2,521,665	2,259,614

39 FINANCIAL RISK MANAGEMENT AND FAIR VALUES (continued)

(b) Liquidity risk (continued)

The Company

		2014					2013				
	Note	Within 1 year or on demand $'000	More than 1 year but less than 2 years $'000	More than 2 years but less than 5 years $'000	Total $'000	Carrying amount $'000	Within 1 year or on demand $'000	More than 1 year but less than 2 years $'000	More than 2 years but less than 5 years $'000	Total $'000	Carrying amount $'000
Other payables	29	6,770	–	–	6,770	6,770	173,660	–	–	173,660	160,911
Interest-bearing borrowings	30	300,285	95,580	–	395,865	373,649	68,487	16,189	398,250	482,926	415,009
Convertible notes	33	–	–	–	–	–	85,160	–	–	85,160	53,202
Written put and compensation options	33	–	–	–	–	–	137,405	–	–	137,405	75,561
		307,055	95,580	–	402,635	380,419	464,712	16,189	398,250	879,151	704,683

(c) Interest rate risk

The Group's interest rate risk arises primarily from deposits with banks, interest-bearing borrowings and obligations under finance leases. Instruments bearing interest at variable rates and at fixed rates expose the Group to cash flow interest rate risk and fair value interest rate risk respectively. The Group is also exposed to fair value interest rate risk arising from the impact of interest rate changes on its convertible notes. The Group regularly reviews its strategy on interest rate risk management in the light of the prevailing market conditions. The Group's interest rate profile as monitored by management is set out in (i) below.

39 FINANCIAL RISK MANAGEMENT AND FAIR VALUES (continued)

(c) Interest rate risk (continued)

(i) Interest rate profile

The following table details the interest rate profile of the Group and the Company at the end of the reporting period:

	The Group				The Company			
	2014		2013		**2014**		2013	
	Effective interest rate %	**$'000**	Effective interest rate %	$'000	**Effective interest rate %**	**$'000**	Effective interest rate %	$'000
Fixed rate liabilities:								
Interest-bearing borrowings	**3.00**	**(268,170)**	3.00	(261,031)	**—**	**—**	—	—
Payable for exercised share repurchase obligations	**—**	**—**	19.50	(150,177)	**—**	**—**	19.50	(150,177)
Share repurchase obligations	**—**	**—**	6.18	(130,228)	**—**	**—**	—	—
Obligations under finance leases	**4.31**	**(2,485)**	4.31	(3,739)	**—**	**—**	—	—
		(270,655)		(545,175)		**—**		(150,177)
Variable rate assets/(liabilities):								
Time deposits	**3.05**	**86,260**	3.05	63,102	**—**	**—**	—	—
Cash and cash equivalents	**0.35**	**2,711,714**	0.35	2,101,322	**0.10**	**91,592**	0.10	20,823
Interest-bearing borrowings	**4.50**	**(575,034)**	4.82	(600,606)	**2.77**	**(373,649)**	2.77	(415,009)
		2,222,940		1,563,818		**(282,057)**		(394,186)
Total net assets/(liabilities)		**1,952,285**		1,018,643		**(282,057)**		(544,363)
Net fixed rate liabilities as a percentage of total net assets/(liabilities)		**(14%)**		(54%)		**0%**		28%

39 FINANCIAL RISK MANAGEMENT AND FAIR VALUES (continued)

(c) Interest rate risk (continued)

(ii) Sensitivity analysis

It is estimated that a general increase/decrease of 100 basis points in interest rates at 31 March 2014, with all other variables held constant, would have decreased/increased the Group's loss after taxation by approximately $15,578,000, and increased/deceased retained profits by approximately $14,718,000 and non-controlling interests by $860,000 respectively (2013: increased/decreased the Group's profit after taxation by approximately $9,621,000, retained profits by approximately $9,557,000 and non-controlling interests by $64,000 respectively).

The sensitivity analysis above indicates the instantaneous change in the Group's loss after tax (and retained profits) and other components of consolidated equity that would arise assuming that the change in interest rates had occurred at the end of the reporting period and had been applied to re-measure those financial instruments held by the Group which expose the Group to fair value interest rate risk at the end of the reporting period. In respect of the exposure to cash flow interest rate risk arising from floating rate non-derivative instruments held by the Group at the end of the reporting period, the impact on the Group's loss after tax (and retained profits) and other components of consolidated equity is estimated as an annualised impact on interest expense or income of such a change in interest rates. The analysis has been performed on the same basis for 2013.

(d) Currency risk

There is currently no hedging policy adopted by the Group with respect to its foreign exchange exposure. The Group's transactions are in Chinese Renminbi, Hong Kong Dollars ("HKD") and the United States Dollars ("USD"). With the natural hedging of the revenue and costs denominated in Chinese Renminbi, the Group's foreign exchange exposure is considered to be insignificant.

The Group is exposed to currency risk through certain investments, receivables, bank deposits and bank loans which are denominated in USD, Australian Dollars, British Pounds Sterling, Chinese Renminbi, Singaporean Dollars and New Taiwan Dollars. As HKD is pegged to USD, the Company does not expect any significant movements in the USD/HKD exchange rate.

39 FINANCIAL RISK MANAGEMENT AND FAIR VALUES (continued)

(d) Currency risk (continued)

(i) *Exposure to currency risk*

The following table details the Group's and the Company's exposure to currency risk arising from recognised assets or liabilities denominated in a currency other than the functional currency of the entity to which they relate at the end of the reporting period:

Exposure to foreign currencies (expressed in Hong Kong dollars)

The Group

	2014					2013				
	United States Dollars $'000	Chinese Renminbi $'000	Hong Kong Dollars $'000	Singaporean Dollars $'000	Australian Dollars $'000	United States Dollars $'000	Chinese Renminbi $'000	Hong Kong Dollars $'000	Singaporean Dollars $'000	Australian Dollars $'000
Cash at bank	72,207	5,889	79,148	3,163	1,955	11,242	1,217	15,775	162	1,149
Available-for-sale equity securities	110,465	226,989	—	175,729	5,829	143,656	226,989	—	99,134	10,250
Trading securities	—	—	—	—	—	49,472	44,775	—	—	—
Interest-bearing borrowings	(373,649)	(268,170)	—	—	—	(415,009)	(261,031)	—	—	—
Convertible notes and warrants	(773,011)	—	—	—	—	(613,967)	—	—	—	—
Overall net exposure	(963,988)	(35,292)	79,148	178,892	7,784	(824,606)	11,950	15,775	99,296	11,399

(Expressed in Hong Kong dollars unless otherwise indicated)

39 FINANCIAL RISK MANAGEMENT AND FAIR VALUES (continued)

(d) Currency risk (continued)

(i) Exposure to currency risk (continued)

Exposure to foreign currencies (expressed in Hong Kong dollars) (continued)

The Company

	2014		2013	
	United States Dollars $'000	**Chinese Renminbi $'000**	United States Dollars $'000	Chinese Renminbi $'000
Cash at bank	**63,582**	**1,077**	5,999	857
Trading securities	**—**	**—**	49,472	44,775
Convertible notes issued by subsidiaries	**916,502**	**—**	697,106	—
Interest-bearing borrowings	**(373,649)**	**—**	(415,009)	—
Convertible notes and warrants	**—**	**—**	(128,763)	—
Overall net exposure	**606,435**	**1,077**	208,805	45,632

(Expressed in Hong Kong dollars unless otherwise indicated)

39 FINANCIAL RISK MANAGEMENT AND FAIR VALUES (continued)

(d) Currency risk (continued)

(ii) *Sensitivity analysis*

The following table indicates the instantaneous change in the Group's (loss)/profit after tax (and retained profits) and other components of consolidated equity that would arise if foreign exchange rates to which the Group has significant exposure at the end of the reporting period had changed at that date, assuming all other risk variables remained constant. In this respect, it is assumed that the pegged rate between the HKD and the USD would be materially unaffected by any changes in movement in value of the USD against other currencies.

	2014			2013		
	Increase/ (decease) in foreign exchange rates	Effect on loss after taxation and retained profits	Effect on other components of equity	Increase/ (decease) in foreign exchange rates	Effect on profit after taxation and retained profits	Effect on other components of equity
Chinese Renminbi	5%	(13,246)	11,349	5%	(13,849)	14,043
	(5%)	13,246	(11,349)	(5%)	13,849	(14,043)
Hong Kong Dollars	5%	3,957	—	5%	789	—
	(5%)	(3,957)	—	(5%)	(789)	—
Singaporean Dollars	5%	975	8,786	5%	51	4,957
	(5%)	(975)	(8,786)	(5%)	(51)	(4,957)
Australian Dollars	5%	701	292	5%	465	512
	(5%)	(701)	(292)	(5%)	(465)	(512)

Results of the analysis as presented in the above table represent an aggregation of the instantaneous effects on each of the Group entities' (loss)/profit after tax and equity measured in the respective functional currencies, translated into Hong Kong dollars at the exchange rates ruling at the end of the reporting period for presentation purposes.

The sensitivity analysis assumes that the change in foreign exchange rates had been applied to re-measure those financial instruments held by the Group which expose the Group to currency risk at the end of the reporting period. The analysis excludes differences that would result from the translation of the financial statements of operations outside Hong Kong into the Group's presentation currency. The analysis has been performed on the same basis for 2013.

39 FINANCIAL RISK MANAGEMENT AND FAIR VALUES (continued)

(e) Equity price risk

The Group is exposed to equity price changes arising from trading securities (see note 25) and available-for-sale securities (see note 22). Other than unquoted securities held for strategic purposes, all of these investments are listed.

Decisions to buy or sell trading securities are based on daily monitoring of the performance of individual securities compared to that of the relevant index and other industry indicators, as well as the Group's liquidity needs. Listed investments held in the available-for-sale portfolio have been chosen based on their longer term growth potential and are monitored regularly for performance against expectations.

All of the Group's unquoted investments are held for long term strategic purposes. Their performance is assessed at least bi-annually against performance of similar listed entities, based on the limited information available to the Group, together with an assessment of their relevance to the Group's long term strategic plans.

The Group is also exposed to equity price risk arising from the impact of changes in equity prices of the Company and a subsidiary on the Group's convertible notes and warrants.

It is estimated that an increase/decrease of 10% in the fair value of the Group's investments in listed securities at 31 March 2014, with all other variables held constant, would have decreased/increased the Group's loss after taxation and increased/decreased retained profits by approximately $8,632,000 (2013: increased/decreased the Group's profit after taxation and retained earnings by approximately $21,240,000), and the Group's other components of consolidated equity by approximately $18,351,000 (2013: $11,133,000).

It is estimated that an increase/decrease of 10% in the equity prices of the Company and a subsidiary at 31 March 2014, with all other variables held constant, would have resulted in remeasurement of the Group's convertible notes and increased/decreased the Group's loss after taxation by approximately $57,560,000/$60,369,000 (2013: decreased/increased the Group's profit after taxation by approximately $29,782,000/$27,602,000), decreased/increased retained profits by approximately $24,146,000/$25,325,000 (2013: $14,435,000/$12,771,000) and non-controlling interests by $33,414,000/$35,044,000 (2013:$15,347,000/$14,831,000).

The sensitivity analysis indicates the instantaneous change in the Group's profit after taxation and retained profits and other components of consolidated equity that would arise assuming that the changes in the fair value of equity securities had occurred at the end of the reporting period and had been applied to re-measure those financial instruments held by the Group which expose the Group to equity price risk at the end of the reporting period. It is also assumed that none of the Group's available-for-sale investments would be considered impaired as a result of the decrease in the fair value of the equity securities and that all other variables remain constant. The analysis has been performed on the same basis for 2013.

39 FINANCIAL RISK MANAGEMENT AND FAIR VALUES (continued)

(f) Fair values

(i) Financial assets and liabilities measured at fair value

The following table presents the carrying value of the Group's financial instruments measured at the end of the reporting period on a recurring basis, categorised into the three level fair value hierarchy as defined in HKFRS 13 *Fair value measurement*, The level into which a fair value measurement is classified is determined with reference to the observability and significance of the input s used in the valuation technique as follows:

— Level 1 valuations: Fair values measured using only Level 1 inputs i.e. unadjusted quoted prices in active markets for identical assets or liabilities at the measurement date.

— Level 2 valuations: Fair values measured using only Level 2 inputs i.e. observable inputs which fail to meet Level 1, and not using significant unobservable inputs. Unobservable inputs are inputs for which market data are not available.

— Level 3 valuations: Fair values measured using significant unobservable inputs.

(Expressed in Hong Kong dollars unless otherwise indicated)

39 FINANCIAL RISK MANAGEMENT AND FAIR VALUES (continued)

(f) Fair values (continued)

(i) Financial assets and liabilities measured at fair value (continued)

2014

	Note	The Group Fair value at 31 March 2014 $'000	Level 1 $'000	Level 2 $'000	Level 3 $'000
Assets					
Available-for-sale securities	22	**183,508**	**181,558**	**—**	**1,950**
Trading securities	25	**86,320**	**86,320**	**—**	**—**
		269,828	**267,878**	**—**	**1,950**
Liabilities					
Convertible notes	33	**773,011**	**—**	**—**	**773,011**
		773,011	**—**	**—**	**773,011**

2013

	Note	The Group Fair value at 31 March 2013 $'000	Level 1 $'000	Level 2 $'000	Level 3 $'000
Assets					
Available-for-sale securities	22	111,334	109,384	—	1,950
Trading securities	25	212,402	212,402	—	—
		323,736	321,786	—	1,950
Liabilities					
Convertible notes	33	613,967	—	—	613,967
		613,967	—	—	613,967

39 FINANCIAL RISK MANAGEMENT AND FAIR VALUES (continued)

(f) Fair values (continued)

(i) Financial assets and liabilities measured at fair value (continued)

2014

	Note	The Company			
		Fair value at 31 March 2014 $'000	**Level 1 $'000**	**Level 2 $'000**	**Level 3 $'000**
Assets					
Convertible notes	18(a)	**916,502**	**—**	**—**	**916,502**
		916,502	**—**	**—**	**916,502**

2013

	Note	The Company			
		Fair value at 31 March 2013 $'000	Level 1 $'000	Level 2 $'000	Level 3 $'000
Assets					
Convertible notes	18(a)	697,106	—	—	697,106
Trading securities	25	94,247	94,247	—	—
		791,353	94,247	—	697,106
Liabilities					
Convertible notes	33	53,202	—	—	53,202
Written Put and Compensation options	33	75,561	—	—	75,561
		128,763	—	—	128,763

During the years ended 31 March 2014 and 2013, there was no transfer between instruments in Level 1 and Level 2.

Movements in the Group's balance of Level 3 fair value measurements are discussed in note 33(ii).

39 FINANCIAL RISK MANAGEMENT AND FAIR VALUES (continued)

(f) Fair values (continued)

(ii) Fair values of financial instruments carried at other than fair value

All financial instruments are carried at amounts not materially different from their fair values as at 31 March 2014 and 2013 except as follows:

(1) Amounts due from/to subsidiaries and associates of the Group and/or the Company are unsecured, interest-free and have no fixed repayment terms. Given these terms, it is not meaningful to disclose their fair values; and

(2) Unlisted equity securities of $335,504,000 (2013: $368,695,000) do not have a quoted market price in an active market and therefore their fair values cannot be reliably measured. They are held for strategic purposes and recognised at cost less impairment losses at the end of the reporting period.

(g) Estimation of fair values

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

(i) Securities

Fair value is based on quoted market prices at the end of the reporting period without any deduction of transaction costs.

(ii) Interest-bearing loans and borrowings and available-for-sale debt securities

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

(iii) Financial guarantees

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

(Expressed in Hong Kong dollars unless otherwise indicated)

39 FINANCIAL RISK MANAGEMENT AND FAIR VALUES (continued)

(g) Estimation of fair values (continued)

(iv) Financial liabilities at fair value through profit or loss

The estimate of the fair value of the convertible notes is measured using a binomial lattice model with the following assumptions:

	2014 Issued by a subsidiary
Share price	**US$4.00**
Expected volatility	**45.75%**
Expected dividends	**0%**
Risk-free interest rate	**0.87%**

	2013	
	Issued by the Company	Issued by a subsidiary
Share price	$0.95	US$2.93
Expected volatility	36.36%	35.19%
Expected dividends	1.11%	0%
Risk-free interest rate	0.17%	0.77%

The estimate of the fair value of the written put and compensation option is measured using a binomial lattice model with the following assumptions:

	2014 Issued by the Company	2013 Issued by the Company
Share price	**$8.04**	$8.14
Expected volatility	**51.53%**	53.59%
Expected dividends	**0%**	0%
Risk-free interest rate	**2.63%**	3.77%

(Expressed in Hong Kong dollars unless otherwise indicated)

40 COMMITMENTS

(a) Capital commitments for the acquisition of property, plant and equipment outstanding at 31 March 2014 not provided for in the financial statements were as follows:

	The Group	
	2014	2013
	$'000	$'000
Contracted for	**77,581**	297,652

(b) As at 31 March 2014, the total future minimum lease payments under non-cancellable operating leases are payable as follows:

	The Group		The Company	
	2014	2013	**2014**	2013
	$'000	$'000	**$'000**	$'000
Within 1 year	**15,898**	20,398	**8,421**	8,421
After 1 year but within 5 years	**12,402**	27,309	**8,421**	16,140
	28,300	47,707	**16,842**	24,561

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

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

(c) Other commitments

The Group entered into an agreement with an institution for the research and development of medicines for treatments which make use of cord blood stem cells. Commitments as at 31 March 2014 under this agreement amount to RMB2,000,000 (2013: RMB2,000,000), equivalent to approximately $2,517,000 (2013: $2,475,000).

(Expressed in Hong Kong dollars unless otherwise indicated)

40 COMMITMENTS (continued)

(c) Other commitments (continued)

The Group entered several co-operation agreements with third-parties in relation to the operation of cord blood banks. As at 31 March 2014, the total future minimum payments under co-operation agreements are payable as follows:

	The Group	
	2014	2013
	$'000	$'000
Within 1 year	**7,300**	7,003
After 1 year but within 5 years	**29,201**	19,796
After 5 years	**90,078**	49,700
	126,579	76,499

41 CONTINGENT LIABILITIES

As at 31 March 2012, the Company has guaranteed the obligations of a subsidiary under certain convertible notes with a principal amount of $218,400,000 issued by the subsidiary (see note 33(b)(i)). The convertible notes were acquired by the Company on 24 August 2012 and such guarantee became obsolete.

The Company 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.

42 RETIREMENT SCHEMES

Hong Kong

The Company operates a Mandatory Provident Fund Scheme (the "MPF scheme") under the Hong Kong Mandatory Provident Fund Schemes Ordinance for employees employed under the jurisdiction of the Hong Kong Employment Ordinance. The MPF scheme is a defined contribution retirement scheme administered by independent trustees. Under the MPF scheme, the employer and its employees are each required to make contributions to the scheme at 5% of the employees' relevant income, subject to a cap of monthly relevant income of $25,000 ($30,000 from 1 June 2014 onwards). Contributions to the scheme vest immediately.

The PRC, other than Hong Kong

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

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

43 MATERIAL RELATED PARTY TRANSACTIONS

(a) Key management personnel remuneration

Key management personnel remuneration represents amounts paid to the Company's directors as disclosed in note 9 and the highest paid employees as disclosed in note 10.

(b) Transactions with related companies

On 19 November 2013, Bio Garden Inc. ("Bio Garden"), which is beneficially owned by Mr. Kam Yuen, the Chairman of the Company, entered into an underwriting agreement with the Company in relation to the open offer and received an underwriting fee of approximately $1,452,000 during the year.

For details, please refer to the announcement dated 19 November 2013 regarding open offer of the Company.

There were no other material transactions with related companies during the years ended 31 March 2014 and 2013.

43 MATERIAL RELATED PARTY TRANSACTIONS (continued)

(c) Applicability of the Listing Rules relating to connected transactions

The related party transaction in respect of the payment of underwriting fee to Bio Garden above constitutes connected transactions as defined in Chapter 14A of the Listing Rules. The disclosures required by Chapter 14A of the Listing Rules are provided in the section of "Report of the Directors".

The related party transaction in respect of the directors' remuneration constitutes continuing connected transactions as defined in Chapter 14A of the Listing Rules, however they are exempted from the disclosure requirements in Chapter 14A of the Listing Rules.

44 NON-ADJUSTING EVENTS AFTER THE REPORTING PERIOD

After the end of the reporting period, the following resolutions were duly passed by the shareholders of the Company.

(a) To implement the share consolidation. Further details are disclosed in note 13(a);

(b) To increase the authorised share capital of the Company from $400,000,000 to $600,000,000 (divided into 3,000,000,000 Consolidated Shares) by the creation of an additional 1,000,000,000 Consolidated Shares;

(c) To propose the special dividend of $0.03 per each Consolidated Share. Further details are disclosed in note 36(d);

(d) Bonus warrants issue on the basis of two warrants for every eleven Consolidated Shares held on 10 June 2014. Warrants to be issued in relation to the bonus warrants issue will only be issued to qualifying shareholders. Each warrant will entitle the holder thereof to subscribe in cash for one new Consolidated Share at an initial subscription price of $1.40, subject to adjustments, at any time during a twelve-month period from the date of issue of the warrants; and

(e) To amend the Company's memorandum of association and articles of association in order to reflect the Company's updated capital structure following the share consolidation and share capital increase.

A final dividend of $0.026 per each Consolidated Share was recommended for the year ended 31 March 2014. Further details are disclosed in note 36(d).

(Expressed in Hong Kong dollars unless otherwise indicated)

45 POSSIBLE IMPACT OF AMENDMENTS, NEW STANDARDS AND INTERPRETATIONS ISSUED BUT NOT YET EFFECTIVE FOR THE YEAR ENDED 31 MARCH 2014

Up to the date of issue of these financial statements, the HKICPA has issued a few amendments and five new standards which are not yet effective for the year ended 31 March 2014 and which have not been adopted in these financial statements.

In addition, the requirements of Part 9, "Accounts and Audit", of the new Hong Kong Companies Ordinance (Cap.622) come into operation from the Company's first financial year commencing after 3 March 2014 (i. e. the Company's financial year which began on 1 April 2014) in accordance with section 358 of that Ordinance. The Group is in the process of marking an assessment of the expected impact of the changes in the Companies Ordinance on the consolidated financial statements in the period of initial application of Part 9. So far it has concluded that the impact is unlikely to be significant and will primarily only affect the presentation and disclosure of information in the consolidated financial statements.

The Group is in the process of making an assessment of what the impact of these amendments is expected to be in the period of initial application. So far it has concluded that the adoption of them is unlikely to have a significant impact on the consolidated financial statements.

46 IMMEDIATE AND ULTIMATE CONTROLLING PARTY

At 31 March 2014, the directors consider the immediate parent and ultimate controlling party of the Group to be Bio Garden Inc., which is incorporated in British Virgin Island. This entity does not produce financial statements available for public use.

FIVE-YEAR FINANCIAL SUMMARY

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

RESULTS

	Year ended 31 March 2010 HK$'000	Year ended 31 March 2011 HK$'000	Year ended 31 March 2012 HK$'000	Year ended 31 March 2013 HK$'000	**Year ended 31 March 2014 HK$'000**
Turnover	580,763	721,178	895,869	1,079,062	**1,085,068**
Profit/(loss) from operations*	205,886	374,213	218,380	283,461	**(303,001)**
Finance costs	(10,756)	(9,356)	(9,987)	(57,080)	**(33,384)**
Changes in fair value of financial liabilities at fair value through profit or loss	(102,357)	36,009	(32,506)	(21,469)	**(353,208)**
Gain/(loss) on deemed disposal of interest in an associate	—	14,713	—	—	**(33,072)**
(Loss)/gain on disposal of interest in associates	—	(2,628)	41,436	8,527	**—**
Share of profits less losses of associates and joint ventures	57,354	65,968	105,759	85,292	**(21,359)**
Profit/(loss) before taxation	150,127	478,919	323,082	298,731	**(744,024)**
Income tax (expense)/credit	(50,846)	(84,943)	(44,922)	(89,964)	**31,160**
Profit/(loss) for the year	99,281	393,976	278,160	208,767	**(712,864)**
Attributable to:					
Equity shareholders of the Company	74,321	311,252	152,877	135,660	**(429,081)**
Non-controlling interests	24,960	82,724	125,283	73,107	**(283,783)**
Profit/(loss) for the year	99,281	393,976	278,160	208,767	**(712,864)**

* Profit/(loss) from operations for the year ended 31 March 2014 includes impairment loss on intangible asset, one-time write-off of trade receivables and impairment loss on available-for-sale equity securities of HK$448,048,000, HK$61,698,000 and HK$25,374,000 respectively.

ASSETS AND LIABILITIES

	As at 31 March				
	2010 HK$'000	2011 HK$'000	2012 HK$'000	2013 HK$'000	**2014 HK$'000**
Fixed assets	458,132	1,304,296	3,042,675	3,371,830	**3,646,819**
Intangible assets	902,156	1,007,967	1,009,224	975,354	**167,904**
Goodwill	494,287	513,689	569,844	571,222	**579,246**
Interest in associates	543,698	849,440	792,215	792,880	**—**
Interest in joint ventures	722,417	61,096	62,981	62,951	**—**
Available-for-sale securities	165,687	368,534	435,174	480,029	**519,012**
Inventories	33,039	37,516	41,908	48,482	**60,212**
Trade and other receivables	768,709	1,256,661	315,923	571,645	**550,523**
Deferred tax assets	12,152	26,488	31,215	29,169	**13,588**
	4,100,277	5,425,687	6,301,159	6,903,562	**5,537,304**
Current assets	1,455,658	1,987,168	2,313,829	2,797,898	**4,075,841**
Total assets	5,555,935	7,412,855	8,614,988	9,701,460	**9,613,145**
Current liabilities	(386,934)	(620,214)	(1,827,716)	(1,490,510)	**(1,501,496)**
Total assets less current liabilities	5,169,001	6,792,641	6,787,272	8,210,950	**8,111,649**
Non-current liabilities	(1,021,871)	(1,694,171)	(927,156)	(2,084,609)	**(2,261,165)**
Net assets	4,147,130	5,098,470	5,860,116	6,126,341	**5,850,484**
Attributable to:					
Equity shareholders of the Company	3,317,556	3,823,316	4,063,492	4,465,441	**4,492,861**
Non-controlling interests	829,574	1,275,154	1,796,624	1,660,900	**1,357,623**
Total equity	4,147,130	5,098,470	5,860,116	6,126,341	**5,850,484**

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
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. FENG Wen
Prof. GU Qiao

Remuneration Committee Members

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

Nomination Committee Members

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

Authorised Representatives

Mr. KAM Yuen
Ms. ZHENG Ting

Legal Advisers to the Company

as to Hong Kong law
Minter Ellison Lawyers

CORPORATE INFORMATION

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

Bank of China (Hong Kong) Limited
China CITIC Bank International Limited
China Construction Bank – Beijing Branch
Taiwan Cooperative Bank (Hong Kong Branch)

Investor Relations

Ms. Charlotte Cheung, Investor Relations Manager
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Website

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GOLDEN MEDITECH HOLDINGS LIMITED
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