



GOLDEN MEDITECH HOLDINGS LIMITED  
金衛醫療集團有限公司

(Incorporated in the Cayman Islands with Limited Liability)  
(Stock Code: 801.HK)



INTERIM REPORT

2014/15

# ENHANCING SHAREHOLDERS' VALUE



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## CORPORATE PROFILE

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Golden Meditech Holdings Limited (the “Company” or “Golden Meditech”; 00801.HK; 910801.TW), together with its subsidiaries (collectively referred to as the “Group”), is a leading integrated healthcare enterprise in mainland China.

Golden Meditech is recognised as a first-mover in mainland China’s healthcare industry. By turning our industry insight into strategies, we have successfully identified opportunities in the market which allow us to establish dominant positions in each of the businesses we operate in. Our strengths in innovation, market expertise, stringent demand on quality, proven strategies and ability to capture emerging market opportunities have enabled us to unleash the potentials 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 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 in Shanghai. The Beijing Qinghe Hospital located in Beijing’s Haidian District is a specialised hospital with various faculties, providing high quality and comprehensive medical services to residents in Beijing.

GM-Medicare Management (China) Company Limited is the first medical insurance administration, 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 and Zhejiang, 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).

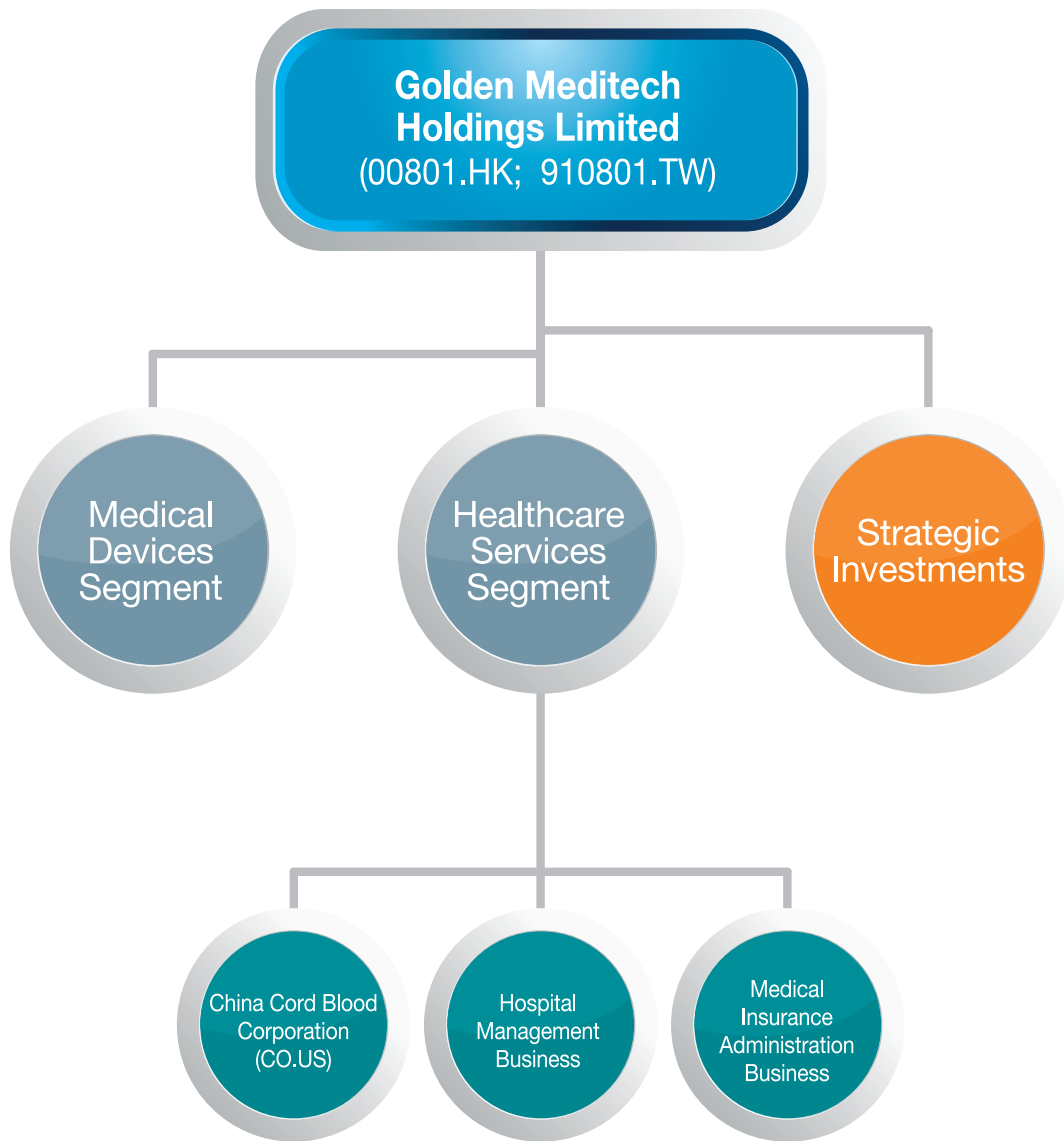
### THE MEDICAL DEVICES SEGMENT

The Group is primarily engaged 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 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 its respective market. We endeavor to benchmark ourselves alongside the global industry leaders in both quality and standards.

## BUSINESS STRUCTURE



## MANAGEMENT DISCUSSION AND ANALYSIS

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The management is pleased to present the interim results of Golden Meditech Holdings Limited (the “Company” or “Golden Meditech”, and together with its subsidiaries, collectively referred to as the “Group”) for the six months ended 30 September 2014. During the reporting period, the performance of Golden Meditech’s core businesses was in line with management’s expectations.

Mainland China’s population policies together with phenomenal economic growth in the past few decades have drastically changed the structure and income level of its population, fostering the future development of healthcare sector. Driven by aging population and growing demand for high quality healthcare services, mainland China’s government has significantly increased its spending on healthcare. With a view to reaping economic gains to build a better healthcare system, mainland China’s government has stepped up pace of its healthcare reforms through various positive initiatives such as encouraging private capital to enter into hospital sector, extending national medical insurance coverage to the whole nation and so forth. These favourable initiatives are set to boost the healthy competition and deliver growth momentum to the healthcare industry.

Golden Meditech has continued to grow along with the economic growth in mainland China throughout the years and is dedicated to providing quality healthcare services and medical devices to the general public. Being a visionary with comprehensive market intelligence and seasoned operating experience, the Company has optimised its business transformation and explored all options to proactively seize opportunities arise from mainland China’s healthcare reforms.

Taking on as a forerunner, Golden Meditech has devoted its resources in developing healthcare businesses in mainland China. Not only does the Company operate its renowned Shanghai East International Medical Centre (“SEIMC”) in Shanghai but also further extended its reach in hospital management business through the Beijing Qinghe Hospital (“Qinghe Hospital”). The Company acknowledges that hospital’s reputation is valuable and endeavours to uphold the highest quality through adopting stringent standard protocols at its hospitals. The Qinghe Hospital is now opening at a steady pace and through working seamlessly with the Peking University People’s Hospital, it is providing prime reliable healthcare services to gain public confidence and trust.

Although Qinghe Hospital is at the trial stage of operation, the management believes its economic interests will be improved when it is fully operational. In the interest of maximising economic interests, bolstering its competitiveness and allowing its competences to be fully reflected, Golden Meditech further increased its shareholdings in Qinghe Hospital to 82.73% during the reporting period and announced the acquisition of remaining shareholdings in GM Hospital Group Limited (“GMHG”) in November 2014.

Furthermore, mainland China’s government modified its one-child policy, 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 and create future demand for hospital and cord blood storage services.

Focusing on the development of high-end healthcare services and medical devices segments, the Group completed the disposal of its entire shareholding in Fortress Group Limited (“Fortress”) during the reporting period to unlock the intrinsic values of its strategic investments.

## MANAGEMENT DISCUSSION AND ANALYSIS

In addition, the Company announced in August 2014 that it has entered into an agreement to sell its 7% senior convertible notes due 2017 in an aggregate principal amount of US\$50,000,000 issued on 3 October 2012 by China Cord Blood Corporation (“CCBC”), a non-wholly-owned subsidiary of the Company to Magnum Opus International Holdings Limited (“Magnum”) and Cordlife Group Limited (“CGL”) for US\$88,090,000 (equivalent to approximately HK\$687,102,000) in cash. Following completion of the transaction, Golden Meditech’s shareholding in CCBC will remain unchanged at approximately 42.0% and will only be diluted to approximately 33.9% if both Magnum and CGL fully exercise their rights to convert such convertible notes into CCBC ordinary shares.

The Company further announced in October 2014 that it has brought in Gem Power International Limited, an indirect wholly-owned subsidiary of CCB International (Holdings) Limited (“CCBI”) as a strategic investor through issuing the 5% redeemable convertible notes due 2017 in an aggregate principal amount of US\$20,000,000 (equivalent to approximately HK\$156,000,000). With mainland China’s healthcare market remains on focus, the Company believes selling the convertible notes issued by CCBC and bringing in strategic investor will allow it to capitalise on the favourable market conditions in mainland China and South East Asia’s healthcare markets.

During the reporting period, the Group’s total revenue increased by 2.1% to HK\$546,011,000 as compared to HK\$534,641,000 for the previous reporting period. Profit attributable to equity shareholders of the Company and basic earnings per share were HK\$1,433,000 and HK0.08 cents respectively, as compared to a loss of HK\$14,095,000 and a basic loss per share of HK1.24 cents for the previous reporting period. Excluding non-cash fair value losses of financial assets and financial liabilities, and impairment loss on certain fixed assets, the adjusted profit attributable to equity shareholders of the Company was HK\$3,107,000 and HK\$26,226,000 for the current and previous reporting periods, respectively. The decrease in adjusted profit attributable to equity shareholders of the company was attributable to the start-up costs of trial running of Qinghe Hospital and lesser contributions from the medical devices segment.

### 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:

	<b>Six months ended 30 September</b>	
	<b>2014 HK\$’000</b>	2013 HK\$’000
Revenue from cord blood storage business	<b>384,242</b>	339,113
Revenue from hospital management business	<b>61,878</b>	41,377
Revenue from medical insurance administration business	<b>2,394</b>	2,249
Selling and general administrative expenses	<b>(240,436)</b>	(189,353)
Profit before interests and tax	<b>102,663</b>	115,033
Adjusted profit before interests and tax (i)	<b>109,021</b>	115,033
Fair value loss of financial liabilities at fair value through profit or loss	<b>(152,328)</b>	(179,118)
Loss after tax	<b>(83,415)</b>	(103,937)
Adjusted profit after tax (ii)	<b>75,271</b>	75,181

(i) Adjusted profit before interests and tax excludes impairment loss on certain fixed assets.

(ii) Adjusted profit after tax excludes impairment loss on certain fixed assets and fair value loss of financial liabilities at fair value through profit or loss.

## MANAGEMENT DISCUSSION AND ANALYSIS

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During the reporting period, revenue from the healthcare services segment increased by 17.2% to HK\$448,514,000. Revenue generated from cord blood storage business, hospital management service business and medical insurance administration business were HK\$384,242,000, HK\$61,878,000 and HK\$2,394,000 respectively.

### *Cord Blood Storage Business*

Leveraging on the success in penetrating the mid-to-high end market, CCBC, a non-wholly-owned subsidiary of the Group, has recruited 407,755 accumulated subscribers with 31,132 new subscribers signed up during the reporting period. As majority of new subscribers selected the one-time upfront payment option, CCBC's cash-flow generation has been robust and continued to achieve steady growth in terms of revenue and profit. However, as a result of the fair value changes of the convertible notes issued, CCBC reported net loss under Hong Kong Financial Reporting Standards for the reporting period.

The combined scale of Guangdong and Zhejiang markets is significantly larger than the Beijing market, serving as a catalyst for future growth. As the new facilities in Guangdong and Zhejiang are largely completed and opening at a steady pace, CCBC's penetration in both Guangdong and Zhejiang markets will be facilitated, enabling it to timely seize the opportunities ahead.

### *Hospital Management Business*

As a pioneer in mainland China's hospital management industry, the pursuit of providing high quality healthcare services has been an enduring objective for Golden Meditech, laying a solid foundation and gaining impetus for the Company to flourish in the industry. Through its renowned SEIMC, the Company is providing prime healthcare services to the high-end and expatriate markets in Shanghai and the neighbouring regions and has expanded its reach through the Qinghe Hospital.

Located at Haidian District in Beijing with a total floor area of approximately 75,000m<sup>2</sup> offering 600 beds of which 48 beds are haematology wards, the Qinghe Hospital specialised not only in haematology but also provides a broad range of medical disciplines. Through working seamlessly with the Peking University People's Hospital, Qinghe Hospital strives to provide prime healthcare services to the general public in Beijing area. As Qinghe Hospital remains at the early stage of development, the depreciation costs of the hospital facilities were recognised during the reporting period, and resulted in an overall operating loss. The management believes the overall performance of Qinghe Hospital will be improved when it is fully operational.

Meanwhile, the Company further increased its shareholdings in Qinghe Hospital to 82.73% during the reporting period, and announced the acquisition of remaining shareholdings in GMHG in November 2014.



## MANAGEMENT DISCUSSION AND ANALYSIS

With the demand for high-end healthcare services set to grow with the deepening of mainland China's healthcare reforms, patients will be provided with more choices over the course of treatments as private capitals are encouraged to enter into the hospital sector and national insurance coverage widened. For this reason, the Company is dedicated to further boosting its competitiveness and striving to grasp hold of the industry that is ripe with opportunities, reinforcing its leading position in the 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. As this business remains at the early stage of development, the Company devoted resources to enhance its claim administration system, explore market opportunities and enable the end-users to gain better understanding of its business models. With 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. The management believes the extension of national medical insurance coverage and deepening of healthcare reforms will unveil 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:

	<b>Six months ended 30 September</b>	
	<b>2014 HK\$'000</b>	2013 HK\$'000
Revenue from medical devices	<b>26,874</b>	79,407
Revenue from medical accessories	<b>67,706</b>	63,276
Selling and general administrative expenses	<b>(23,154)</b>	(22,190)
Profit before interests and tax	<b>31,963</b>	78,374
Profit after tax	<b>23,004</b>	63,040

During the reporting period, revenue from the medical devices segment amounted to HK\$94,580,000, representing a decrease of 33.7% as compared to the previous corresponding period, accounting for 17.3% of the Group's total revenue.

## MANAGEMENT DISCUSSION AND ANALYSIS

Driven by mainland China's healthcare reforms, the standard of healthcare industry has been continuously improved, creating higher demand for prime quality medical devices. Meanwhile, sales of the consumables of Autologous Blood Recovery System ("ABRS") has grown steadily with mainland China's government healthcare policies promoting the clinical use of blood. However, due to rising competitions, management proactively adopted new marketing strategy and adjusted ABRS' selling price to maintain market share and fortify competitive advantages, which resulted in lower revenue from the sales of ABRS whereas revenue from the sales of medical devices consumables continued to record growth during the reporting period. Golden Meditech endeavours to sustain its competitive advantage in terms of product quality as well as pricing strategy by developing and manufacturing its blood related medical devices in mainland China. The Company is also capitalising on its existing business network to introduce prime quality foreign medical devices to mainland China, enabling it to timely seize any opportunities that arise from the healthcare reforms.

## STRATEGIC INVESTMENTS

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

	<b>Six months ended</b>	
	<b>30 September</b>	
	<b>2014</b>	2013
	<b>HK\$'000</b>	HK\$'000
Revenue from Chinese herbal medicine business	<b>2,917</b>	9,219
Selling and general administrative expenses	<b>(12,549)</b>	(22,371)
Loss before interests and tax	<b>(14,512)</b>	(23,042)
Loss after tax	<b>(12,672)</b>	(21,208)
Share of profits of an associate	—	17,730

During the reporting period, the Company successfully disposed its entire shareholdings in Fortress. Meanwhile, the Company is exploring all favourable development options to unlock the commercial value of the Shanghai production facility of the Chinese herbal medicine business.

## GROUP STRATEGY AND OUTLOOK

Looking forward, Golden Meditech is confident in the prospects of its core businesses and will unremittingly strive to strengthen its leading position amid the deepening of mainland China's healthcare reforms. The Company will spare no effort in cultivating its healthcare service and medical devices businesses, and sustain its capabilities by excelling in quality, research and development, operational efficiency and management capacities. At the same time, it will continue to develop synergies among the core businesses and create a competitive edge at its advantage, with a view to allowing the market to fully acknowledge and appreciate the intrinsic value of Golden Meditech.

**MANAGEMENT DISCUSSION AND ANALYSIS****GROUP FINANCIAL REVIEW**

For the six months ended 30 September 2014, the Group's core businesses reported steady revenue growth at HK\$546,011,000, representing an increase of 2.1% as compared to the corresponding period last year. The healthcare services segment remained the largest source of revenue and contributed HK\$448,514,000, with a 17.2% increase as compared to the corresponding period last year and accounted for 82.1% of the Group's total revenue. Revenue from the medical devices segment totalled HK\$94,580,000 and accounted for 17.3% of the Group's total revenue.

***Gross Margin***

The Group's gross profit margin increased by 0.5 percentage point to 70.2% compared to the corresponding period last year. Our core businesses, the healthcare services segment and the medical devices segment reported gross profit margins of 74.6% and 54.4% respectively, compared to 73.5% and 64.4% in the corresponding period last year. The decrease in gross profit margin of medical devices segment was attributable to the adjustments in products' selling prices in order to maintain market share and fortify competitive advantages.

***Selling and Administrative Expenses***

The Group continued to enhance its marketing and business development initiatives across all business segments, particularly in its hospital management business and cord blood storage business. Selling and administrative expenses incurred for the period totalled HK\$304,542,000, up 17.7% as compared to the corresponding period last year. Such fluctuation was largely attributable to the commencement of operation of Qinghe Hospital, which incurred substantial startup costs and resulting in a considerable increase in administrative expenses. The management strictly monitors any expenditure to ensure costs are maintained at an acceptable level.

***Other Revenue***

During the reporting period, the Group recorded other revenue of HK\$19,402,000, compared to HK\$33,498,000 as recorded in the corresponding period last year. Fluctuation was largely attributable to the decrease in dividend income from available-for-sale securities.

***Other Net Loss***

During the reporting period, the Group recorded other net loss of HK\$12,924,000, compared to a net loss of HK\$32,754,000 as recorded in the corresponding period last year. Fluctuation was largely attributable to the decrease in net realised and unrealised loss recorded as a results of changes in fair values of trading securities held by the Group.

## MANAGEMENT DISCUSSION AND ANALYSIS

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### *Operating Profit*

The Group recorded operating profit of HK\$84,999,000, representing a 25.9% decrease as compared to the corresponding period last year. Such decrease was largely attributable to the lesser contribution from medical devices segment as a result of the pricing adjustment, and the increase in administrative expenses following the commencement of operation of Qinghe Hospital, as mentioned aforesaid.

### *Gain on disposal of non-current assets classified as held for sale*

On 22 March 2014, the Group entered into a sales and purchase agreement to sell its entire interest in a former associate. The transaction has been completed as at 30 September 2014 and accordingly, a gain on disposal of non-current assets classified as held for sale of HK\$29,928,000 has been recognised to profit or loss during the reporting period.

### *Finance Costs*

The Group's finance costs recorded for the current reporting period increased by HK\$7,360,000 to HK\$34,277,000. The increase in finance costs was due to the capitalisation of interests to construction in progress of cord blood storage business located in mainland China in the corresponding period last year. No capitalisation of interest was noted in the current reporting period as construction work has been fully completed in the previous financial year.

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

During the reporting period, the Group recorded fair value loss of HK\$152,328,000, which was solely attributable to the changes in fair value of the convertible notes issued by CCBC, resulting from the increase in CCBC share price to US\$4.89 per share as at 30 September 2014 (31 March 2014: US\$4.00 per share), representing approximately 72.3% higher than the conversion price of such convertible notes.

The fair value loss of HK\$236,233,000 recorded in the corresponding period last year was attributable to the changes in fair value of the convertible notes issued by the Company and CCBC. The convertible notes issued by the Company have been early redeemed by the Company in full in the previous financial year.

### *Income Tax*

The Group's total income tax expense was HK\$33,607,000, representing a 29.2% decrease from that of the previous reporting period. Such decrease was largely attributable to the withholding tax levied on dividends distributed by a Group's subsidiary in mainland China to its holding company outside mainland China during the six months ended 30 September 2013.

**MANAGEMENT DISCUSSION AND ANALYSIS*****Profit/(Loss) Attributable to Equity Shareholders of the Company***

During the reporting period, the Group recorded profit attributable to equity shareholders of the Company of HK\$1,433,000 as compared to a loss of HK\$14,095,000 in the previous reporting period. Fluctuation was mainly attributable to the non-cash losses recorded as a result of the fair value changes of financial liabilities and financial assets held by the Group.

Excluding such non-cash losses, adjusted profit attributable to equity shareholders of the Company was HK\$3,107,000 and HK\$26,226,000 for the current and previous reporting periods, respectively. The decrease in adjusted profit attributable to equity shareholders of the Company was in line with the decrease in operating profit.

***Current Assets and Total Assets***

As at 30 September 2014, the Group's total current assets and total assets were HK\$4,223,105,000 and HK\$9,806,509,000 (31 March 2014: HK\$4,075,841,000 and HK\$9,613,145,000), respectively.

***Liquidity and Financial Resources***

As at 30 September 2014, the Group's cash and bank deposits amounted to HK\$3,154,690,000 (31 March 2014: HK\$2,797,974,000); total interest-bearing debts stood at HK\$1,827,038,000 (31 March 2014: HK\$1,618,700,000).

***Debt Ratio***

On the basis of total interest-bearing liabilities divided by total equity, the Group's debt ratio was 33.4% as at 30 September 2014 (31 March 2014: 27.7%). 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 associates and joint ventures, the Group employed 1,754 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\$117,132,000.

## MANAGEMENT DISCUSSION AND ANALYSIS

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### *Details of the Group's Pledged Assets and Loan Guarantees*

As at 30 September 2014, the Group has pledged certain assets as collaterals and provided guarantees for certain bank loans as follows:

- (i) the bank loans of certain subsidiaries of HK\$201,816,000 were secured by interests in certain leasehold land and buildings with carrying amounts of HK\$226,185,000; and
- (ii) the bank loan of the Company of HK\$732,556,000 was guaranteed by five of its subsidiaries, namely China Bright Group Company Limited, GMHG, GM Hospital Investment Ventures Company Limited, GM Hospital Management Company Limited and Golden Meditech Stem Cells (BVI) Company Limited.

Further details of pledged assets and loan guarantees are set out in note 18 to the interim financial report.

### *Dividend*

The directors of the Company do not recommend the payment of a dividend in respect of the period ended 30 September 2014 (period ended 30 September 2013: HK\$nil).

At the Company's extraordinary general meeting held on 3 June 2014, shareholders approved the disposal of interest in an associate – Fortress. Accordingly, the special dividend of HK3 cents per ordinary share of the Company of par value of HK\$0.20 each as recommended by the directors of the Company, which is subject to the completion of the disposal of Fortress, were paid to eligible shareholders on 31 July 2014. Shareholders were given an option to receive the dividend in cash or an allotment of scrip shares in lieu of cash. Further details of the special dividend are set out in the circulars of the Company dated 9 May 2014 and 19 June 2014.

At the Company's annual general meeting held on 19 September 2014, shareholders approved 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 (year ended 31 March 2013: final dividend of HK1.3 cent per ordinary share of par value of HK\$0.10 each). Shareholders will be given an option to receive the final dividend in cash or in lieu of cash by scrip dividend. Dividend payable of HK\$44,667,000 was recorded in the consolidated statement of financial position as at 30 September 2014. Further details of the final dividend are set out in the circulars of the Company dated 21 July 2014 and 14 October 2014.

## CONSOLIDATED INCOME STATEMENT

for the six months ended 30 September 2014 - unaudited  
(Expressed in Hong Kong dollars)

	Note	Six months ended 30 September	
		2014 \$'000	2013 \$'000
<b>Turnover</b>	4	<b>546,011</b>	534,641
Cost of sales		<b>(162,948)</b>	(161,946)
<b>Gross profit</b>		<b>383,063</b>	372,695
Other revenue	5	<b>19,402</b>	33,498
Other net loss	6	<b>(12,924)</b>	(32,754)
Selling expenses		<b>(87,085)</b>	(85,046)
Administrative expenses		<b>(217,457)</b>	(173,756)
<b>Profit from operations</b>		<b>84,999</b>	114,637
Finance costs	7(a)	<b>(34,277)</b>	(26,917)
Changes in fair value of financial liabilities at fair value through profit or loss	20	<b>(152,328)</b>	(236,233)
Share of profits of an associate		—	17,730
Gain on disposal of non-current assets classified as held for sale	14	<b>29,928</b>	—
<b>Loss before taxation</b>	7	<b>(71,678)</b>	(130,783)
Income tax	8	<b>(33,607)</b>	(47,444)
<b>Loss for the period</b>		<b>(105,285)</b>	(178,227)
<b>Profit/(loss) attributable to:</b>			
Equity shareholders of the Company		<b>1,433</b>	(14,095)
Non-controlling interests		<b>(106,718)</b>	(164,132)
<b>Loss for the period</b>		<b>(105,285)</b>	(178,227)
<b>Earnings/(loss) per share</b>			
Basic (in cents)	9(a)	<b>0.08</b>	(1.24)
Diluted (in cents)	9(b)	<b>0.08</b>	(1.24)

The notes on pages 19 to 52 form part of this interim financial report.

## CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

for the six months ended 30 September 2014 - unaudited  
(Expressed in Hong Kong dollars)

	Six months ended 30 September	
	2014 \$'000	2013 \$'000
<b>Loss for the period</b>	<b>(105,285)</b>	(178,227)
<b>Other comprehensive income for the period (after tax and reclassification adjustments)</b>		
<b>Items that may be reclassified subsequently to profit or loss:</b>		
Exchange reserve: net movement during the period, net of nil tax	1,969	96,312
Fair value reserve: net movement during the period, net of nil tax	5,425	104,802
Share of other comprehensive income of an associate, net of nil tax	—	11,585
<b>Other comprehensive income for the period</b>	<b>7,394</b>	212,699
<b>Total comprehensive income for the period</b>	<b>(97,891)</b>	34,472
<b>Attributable to:</b>		
Equity shareholders of the Company	8,705	106,481
Non-controlling interests	(106,596)	(72,009)
<b>Total comprehensive income for the period</b>	<b>(97,891)</b>	34,472

The notes on pages 19 to 52 form part of this interim financial report.



## CONSOLIDATED STATEMENT OF FINANCIAL POSITION

*at 30 September 2014 - unaudited  
(Expressed in Hong Kong dollars)*

	Note	At 30 September 2014 \$'000	At 31 March 2014 \$'000
<b>Non-current assets</b>			
Fixed assets	10		
– Property, plant and equipment		2,011,025	1,961,811
– Interests in leasehold land held for own use under operating leases		1,667,481	1,685,008
		<b>3,678,506</b>	3,646,819
Intangible assets		164,713	167,904
Goodwill		580,262	579,246
Available-for-sale securities		549,599	519,012
Inventories	11	67,502	60,212
Trade and other receivables	12	530,064	550,523
Deferred tax assets		12,758	13,588
		<b>5,583,404</b>	5,537,304
<b>Current assets</b>			
Trading securities		79,341	86,320
Inventories	11	40,725	46,966
Trade and other receivables	13	948,349	338,254
Non-current assets classified as held for sales	14	—	806,327
Time deposits	15	109,738	86,260
Cash and cash equivalents	16	3,044,952	2,711,714
		<b>4,223,105</b>	4,075,841
<b>Current liabilities</b>			
Trade and other payables	17	520,055	427,124
Interest-bearing borrowings	18	201,816	765,955
Obligations under finance leases	19	1,543	1,306
Current taxation		59,705	59,389
Deferred income		263,010	247,722
		<b>1,046,129</b>	1,501,496

**CONSOLIDATED STATEMENT OF FINANCIAL POSITION**

at 30 September 2014 - unaudited  
(Expressed in Hong Kong dollars)

	Note	At 30 September 2014 \$'000	At 31 March 2014 \$'000
<b>Net current assets</b>		<b>3,176,976</b>	2,574,345
<b>Total assets less current liabilities</b>		<b>8,760,380</b>	8,111,649
<b>Non-current liabilities</b>			
Other payables	17	290,466	206,516
Interest-bearing borrowings	18	732,556	77,249
Obligations under finance leases	19	1,274	1,179
Financial liabilities at fair value through profit or loss	20	889,849	773,011
Deferred tax liabilities		164,268	165,757
Deferred income		1,214,145	1,037,031
Other non-current liabilities		423	422
		<b>3,292,981</b>	2,261,165
<b>NET ASSETS</b>		<b>5,467,399</b>	5,850,484
<b>CAPITAL AND RESERVES</b>			
Share capital	22(a)	343,598	341,759
Reserves		4,108,473	4,104,709
Amounts recognised in other comprehensive income and accumulated in equity relating to non-current assets classified as held for sale	14	—	46,393
<b>Total equity attributable to equity shareholders of the Company</b>		<b>4,452,071</b>	4,492,861
<b>Non-controlling interests</b>		<b>1,015,328</b>	1,357,623
<b>TOTAL EQUITY</b>		<b>5,467,399</b>	5,850,484

The notes on pages 19 to 52 form part of this interim financial report.

## CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

*for the six months ended 30 September 2014 - unaudited  
(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	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
<b>Balance at 1 April 2014</b>	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
Shares issued upon warrants conversion	22(a)(iv)	19	117	—	—	—	—	—	—	—	—	136	—	136
Special dividend approved during the period	22(b)	1,820	8,951	—	—	—	—	—	—	(51,264)	—	(40,493)	—	(40,493)
Final dividend approved in respect of the year ended 31 March 2014	22(b)	—	—	—	—	—	—	—	—	(44,667)	—	(44,667)	—	(44,667)
Recognition of amounts recognised in other comprehensive income and accumulated in equity relating to non-current assets classified as held for sale	14	—	—	—	—	—	—	—	—	—	(46,393)	(46,393)	—	(46,393)
Acquisition of additional interest in a subsidiary	23(b)(ii)	—	—	—	—	—	—	—	81,922	—	—	81,922	(235,699)	(153,777)
Transfer to surplus reserve		—	—	—	—	—	9,136	—	—	(9,136)	—	—	—	—
Total comprehensive income for the period		—	—	—	—	9,548	—	(2,276)	—	1,433	—	8,705	(106,596)	(97,891)
<b>Balance at 30 September 2014</b>	<b>343,598</b>	<b>2,284,134</b>	<b>11,679</b>	<b>33,395</b>	<b>54,193</b>	<b>524,619</b>	<b>203,002</b>	<b>58,742</b>	<b>(626,205)</b>	<b>1,564,914</b>	<b>—</b>	<b>4,452,071</b>	<b>1,015,328</b>	<b>5,467,399</b>
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
Final dividend approved in respect of the year ended 31 March 2013	22(b)	—	—	—	—	—	—	—	—	(29,534)	—	(29,534)	—	(29,534)
Changes in carrying amount of share repurchase obligations	21	—	—	—	—	—	—	—	(3,907)	—	—	(3,907)	—	(3,907)
Share of other reserves of an associate		—	—	—	—	—	—	—	3,293	—	—	3,293	—	3,293
Transfer to surplus reserve		—	—	—	—	—	11,281	—	—	(11,281)	—	—	—	—
Total comprehensive income for the period		—	—	—	—	76,613	—	43,963	—	(14,095)	—	106,481	(72,009)	34,472
Balance at 30 September 2013	227,184	1,814,652	11,679	33,395	54,193	562,320	176,137	76,724	(515,773)	2,101,263	—	4,541,774	1,588,891	6,130,665

The notes on pages 19 to 52 form part of this interim financial report.

## CONDENSED CONSOLIDATED CASH FLOW STATEMENT

for the six months ended 30 September 2014 - unaudited  
(Expressed in Hong Kong dollars)

	Note	Six months ended 30 September	
		2014 \$'000	2013 \$'000
<b>Operating activities</b>			
Cash generated from operations		466,375	463,148
The People's Republic of China ("PRC") income tax paid		(41,413)	(52,326)
PRC income tax refund		22,992	—
<b>Net cash generated from operating activities</b>		<b>447,954</b>	410,822
<b>Investing activities</b>			
Payment for purchase of property, plant and equipment		(132,971)	(115,560)
Payment for purchase of available-for-sale securities		(36,012)	(7,800)
Proceeds from disposal of trading securities		—	79,439
Proceeds from disposal of non-current assets classified as held for sale		140,400	—
Other cash flows arising from investing activities		(11,895)	(20,209)
<b>Net cash used in investing activities</b>		<b>(40,478)</b>	(64,130)
<b>Financing activities</b>			
Dividends paid to equity shareholders of the Company		(40,529)	—
Payment for exercised put options		—	(95,969)
Payment for acquisition of additional interest in a subsidiary		(50,000)	—
Other cash flows arising from financing activities		11,381	(86,597)
<b>Net cash used in financing activities</b>		<b>(79,148)</b>	(182,566)
<b>Net increase in cash and cash equivalents</b>		<b>328,328</b>	164,126
<b>Cash and cash equivalents at 1 April</b>		<b>2,711,714</b>	2,101,322
<b>Effect of foreign exchanges rates changes</b>		<b>4,910</b>	37,876
<b>Cash and cash equivalents at 30 September</b>	16	<b>3,044,952</b>	2,303,324

The notes on pages 19 to 52 form part of this interim financial report.

## NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT

*(Expressed in Hong Kong dollars unless otherwise indicated)*

### 1 BASIS OF PREPARATION

This interim financial report has been prepared in accordance with the applicable disclosure provisions of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules"), including compliance with Hong Kong Accounting Standard ("HKAS") 34, Interim Financial Reporting, issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA"). It was authorised for issue on 28 November 2014.

This interim financial report has been prepared in accordance with the same accounting policies adopted in the financial statements for the year ended 31 March 2014, except for the accounting policy changes that are not yet effective in the current accounting period. Details of these changes in accounting policies are set out in note 2.

The preparation of an interim financial report in conformity with HKAS 34 requires management to make judgments, 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 judgments about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

This interim financial report contains condensed consolidated financial statements and selected explanatory notes. The notes include an explanation of events and transactions that are significant to an understanding of the changes in financial position and performance of the Group since 31 March 2014. The condensed consolidated interim financial statements and notes thereto do not include all of the information required for a full set of financial statements prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRSs").

The financial information relating to the financial year ended 31 March 2014 that is included in this interim financial report as being previously reported information does not constitute the Company's statutory financial statements for that financial year but is derived from those financial statements. Statutory financial statements for the year ended 31 March 2014 are available from the website of The Stock Exchange of Hong Kong Limited (the "Stock Exchange"). The auditors have expressed an unqualified opinion on those financial statements in their report dated 24 June 2014.

## NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT

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*(Expressed in Hong Kong dollars unless otherwise indicated)*

### 2 CHANGES IN ACCOUNTING POLICIES

The HKICPA has issued the following amendments to HKFRSs and one new Interpretation that are first effective for the current accounting period of the Group and the Company, the adoption of which has had no material impact on the content of this interim financial report:

- Amendment to HKAS 32 “Offsetting financial assets and financial liabilities”
- Amendment to HKAS 36 “Recoverable amount disclosures for non-financial assets”
- Amendments to HKFRS 10, HKFRS 12 and HKAS 27 “Investment entities”
- HK (IFRIC) 21 “Levies”

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

### 3 SEGMENT REPORTING

The Group manages its business by divisions, which are organised by business lines (products and services). In a manner consistent with the way in which information is reported internally to the Group’s most senior executive management for the purposes of resources allocation and performance assessment, the Group has presented the following 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 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, manufacture and sale of Chinese herbal medicines.

## NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT

*(Expressed in Hong Kong dollars unless otherwise indicated)***3 SEGMENT REPORTING** (continued)**(a) Segment results**

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

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

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

Information regarding the Group's reportable segments as provided to the Group's most senior executive management for the purposes of segment performance assessment and resources allocation for the periods ended 30 September 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
<b>For the six months ended 30 September</b>												
Revenue from external customers	94,580	142,683	384,242	339,113	61,878	41,377	2,394	2,249	2,917	9,219	546,011	534,641
Inter-segment revenue	244	—	—	—	—	—	—	—	—	—	244	—
Reportable segment revenue	94,824	142,683	384,242	339,113	61,878	41,377	2,394	2,249	2,917	9,219	546,255	534,641
Segment profit/(loss)	31,963	78,374	164,113	150,342	(43,644)	(18,849)	(17,806)	(16,460)	(14,512)	(23,042)	120,114	170,365

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

## NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT

*(Expressed in Hong Kong dollars unless otherwise indicated)***3 SEGMENT REPORTING** (continued)**(b) Reconciliations of reportable segment revenue and profit or loss****Segment revenue**

	<b>Six months ended 30 September</b>	
	<b>2014 \$'000</b>	2013 \$'000
Reportable segment revenue	<b>546,255</b>	534,641
Elimination of inter-segment revenue	<b>(244)</b>	—
<b>Consolidated turnover</b>	<b>546,011</b>	534,641

**Segment profit**

	<b>Six months ended 30 September</b>	
	<b>2014 \$'000</b>	2013 \$'000
<b>Reportable segment profit</b>	<b>120,114</b>	170,365
Finance costs	<b>(34,277)</b>	(26,917)
Changes in fair value of financial liabilities at fair value through profit or loss	<b>(152,328)</b>	(236,233)
Share of profits of an associate	—	17,730
Net realised and unrealised loss on trading securities	<b>(6,979)</b>	(23,828)
Dividend income from trading securities	<b>1,385</b>	3,085
Gain on disposal of non-current assets classified as held for sale	<b>29,928</b>	—
Unallocated head office and corporate expenses	<b>(29,521)</b>	(34,985)
<b>Consolidated loss before taxation</b>	<b>(71,678)</b>	(130,783)



## NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT

*(Expressed in Hong Kong dollars unless otherwise indicated)***4 TURNOVER**

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

Turnover represents the sales value of goods supplied to customers, income from provision of cord blood storage services, income from provision of hospital management services and hospital operation and income from provision of medical insurance administration services, less applicable value-added tax ("VAT") or business tax.

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

	<b>Six months ended</b>	
	<b>30 September</b>	
	<b>2014</b>	2013
	<b>\$'000</b>	\$'000
Sales of medical devices and accessories	<b>94,580</b>	142,683
Cord blood storage service income	<b>384,242</b>	339,113
Hospital management service and hospital operation income	<b>61,878</b>	41,377
Medical insurance administration service income	<b>2,394</b>	2,249
Sales of Chinese herbal medicines	<b>2,917</b>	9,219
	<b>546,011</b>	534,641

**5 OTHER REVENUE**

	<b>Six months ended</b>	
	<b>30 September</b>	
	<b>2014</b>	2013
	<b>\$'000</b>	\$'000
Interest income from bank deposits	<b>7,325</b>	5,794
Interest income from trade receivables	<b>6,042</b>	6,528
VAT refunds	<b>2,237</b>	6,621
Dividend income from available-for-sale securities	<b>1,504</b>	10,907
Dividend income from trading securities	<b>1,385</b>	3,085
Sundry income	<b>909</b>	563
	<b>19,402</b>	33,498

**NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT***(Expressed in Hong Kong dollars unless otherwise indicated)***6 OTHER NET LOSS**

	<b>Six months ended 30 September</b>	
	<b>2014 \$'000</b>	2013 \$'000
Net realised and unrealised loss on trading securities	<b>(6,979)</b>	(23,828)
Net exchange loss	<b>(938)</b>	(10,267)
Net (loss)/gain on disposal of property, plant and equipment	<b>(6,623)</b>	18
Others	<b>1,616</b>	1,323
	<b>(12,924)</b>	(32,754)

**7 LOSS BEFORE TAXATION**

Loss before taxation is arrived at after charging:

	<b>Six months ended 30 September</b>	
	<b>2014 \$'000</b>	2013 \$'000
<b>(a) Finance costs</b>		
Interests on interest-bearing borrowings wholly repayable within five years	<b>33,699</b>	23,773
Interests on settlement of share repurchase obligations	—	10,608
Transaction costs of issuance of convertible notes by a subsidiary	<b>529</b>	529
Finance charges on obligations under finance leases	<b>49</b>	72
Total finance costs	<b>34,277</b>	34,982
Less: Interests capitalised to construction in progress	—	(8,065)
	<b>34,277</b>	26,917

## NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT

*(Expressed in Hong Kong dollars unless otherwise indicated)***7 LOSS BEFORE TAXATION** (continued)

	<b>Six months ended 30 September</b>	
	<b>2014 \$'000</b>	2013 \$'000
<b>(b) Staff costs</b>		
Salaries, wages and other benefits	<b>104,178</b>	101,402
Contributions to defined contribution retirement plans	<b>12,954</b>	11,239
	<b>117,132</b>	112,641
<b>(c) Other items</b>		
Depreciation of property, plant and equipment	<b>53,155</b>	35,065
Amortisation of land lease premium	<b>19,137</b>	19,196
Amortisation of intangible assets	<b>3,542</b>	19,042
Research and development costs (other than depreciation and amortisation costs)	<b>10,557</b>	10,283
Operating lease charges: minimum lease payments		
– assets held for use under operating leases	<b>8,966</b>	14,046
– other assets	<b>—</b>	98

**8 INCOME TAX**

Income tax in the consolidated income statement represents:

	<b>Six months ended 30 September</b>	
	<b>2014 \$'000</b>	2013 \$'000
Current tax - PRC income tax	<b>34,588</b>	46,104
Deferred tax	<b>(981)</b>	1,340
	<b>33,607</b>	47,444

**NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT**

*(Expressed in Hong Kong dollars unless otherwise indicated)*

**8 INCOME TAX** (continued)**(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 Co., Ltd. ("Jingjing"), Beijing Jiachenhong Biological Technologies Co., Ltd. ("Jiachenhong") and Guangzhou Municipality Tianhe Nuoya Bio-engineering Co., Ltd. ("Guangzhou Nuoya"), all PRC subsidiaries of the Group are subject to income tax at 25% for the period ended 30 September 2014 (period ended 30 September 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.

In February 2012, upon the receipt of the notification issued by the local tax bureau, 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 Jiachenhong would be 25%. Subject to renewal, 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 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 30 September 2014 was accrued based on income tax rate of 15%.

In April 2014, Guangzhou Nuoya received approval from local tax authority on the renewal of its HNTE status which entitled it to the preferential income tax rate of 15% effective retrospectively from 1 January 2013 to 31 December 2015.

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

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

**NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT**

*(Expressed in Hong Kong dollars unless otherwise indicated)*

**8 INCOME TAX** (continued)**(i) PRC income tax** (continued)

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

For the period ended 30 September 2014, \$3,270,000 deferred tax liabilities have been recognised in respect of the withholding tax payable on the retained profits of the Group's PRC subsidiaries generated subsequent to 1 January 2008 which the directors expect to distribute outside the PRC in the foreseeable future (period ended 30 September 2013: \$1,631,000).

**(ii) Hong Kong Profits Tax**

No provision for Hong Kong Profits Tax has been made for the periods ended 30 September 2014 and 2013 as the Group did not have any profits assessable to Hong Kong Profits Tax during the current and prior periods.

**(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.**

## NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT

(Expressed in Hong Kong dollars unless otherwise indicated)

### 9 EARNINGS/(LOSS) PER SHARE

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

The calculation of basic earnings/(loss) per share is based on the profit attributable to equity shareholders of the Company of \$1,433,000 (2013: loss of \$14,095,000) divided by the weighted average number of 1,706,881,000 (2013: 1,135,919,000) ordinary shares in issue during the period, calculated as follows:

#### Weighted average number of ordinary shares (basic)

	Six months ended 30 September	
	2014 Shares '000	2013 Shares '000
Issued ordinary shares at the beginning of the period (i)	1,703,794	1,135,919
Effect of issue of shares in lieu of cash dividends	3,083	—
Effect of issue of shares upon warrants conversion	4	—
<b>Weighted average number of ordinary shares (i)</b>	<b>1,706,881</b>	1,135,919
	2014 \$'000	2013 \$'000
<b>Profit/(loss) attributable to equity shareholders of the Company</b>	<b>1,433</b>	(14,095)
<b>Basic earnings/(loss) per share (HK cents)</b>	<b>0.08</b>	(1.24)

- (i) A share consolidation has been approved by the shareholders at the 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 of par value of \$0.10 each in share capital of the Company were consolidated into one ordinary share of par value of \$0.20 each. 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 per share for the period ended 30 September 2013. Further details of the share consolidation are set out in the Company's announcement dated 3 June 2014.

#### (b) Diluted earnings/(loss) per share

In respect of the periods ended 30 September 2014 and 2013, diluted earnings/(loss) per share were same as the basic earnings/(loss) per share as the inclusion of the dilutive potential ordinary shares in respect of the share options and warrants in issue during the respective periods would have an anti-dilutive effect.

## NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT

*(Expressed in Hong Kong dollars unless otherwise indicated)***10 FIXED ASSETS**

The movements in property, plant and equipment and interests in leasehold land held for own use under operating leases for the period/year ended 30 September 2014 and 31 March 2014 are analysed as follows:

	Property, plant and equipment \$'000	Interests in leasehold land held for own use under operating leases \$'000	Total \$'000
As at 1 April 2014	1,961,811	1,685,008	3,646,819
Exchange adjustments	4,035	1,610	5,645
Additions	106,304	—	106,304
Disposals	(7,970)	—	(7,970)
Depreciation/amortisation charge for the period	(53,155)	(19,137)	(72,292)
<b>As at 30 September 2014</b>	<b>2,011,025</b>	<b>1,667,481</b>	<b>3,678,506</b>

	Property, plant and equipment \$'000	Interests in leasehold land held for own use under operating leases \$'000	Total \$'000
As at 1 April 2013	1,661,723	1,710,107	3,371,830
Exchange adjustments	27,047	13,332	40,379
Additions	357,621	—	357,621
Disposals	(3,823)	—	(3,823)
Depreciation/amortisation charge for the year	(80,757)	(38,431)	(119,188)
As at 31 March 2014	1,961,811	1,685,008	3,646,819

**NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT***(Expressed in Hong Kong dollars unless otherwise indicated)***11 INVENTORIES**

Inventories in the consolidated statement of financial position comprise:

	<b>At 30 September 2014 \$'000</b>	At 31 March 2014 \$'000
<b>Non-current</b>		
Capitalised processing costs of donated umbilical cord blood units (i)	<b>67,502</b>	60,212
<b>Current</b>		
Raw materials	<b>28,164</b>	29,894
Work-in-progress	<b>3,789</b>	6,265
Finished goods	<b>8,772</b>	10,807
	<b>40,725</b>	46,966
	<b>108,227</b>	107,178

- (i) The Group collects, tests, freezes and stores donated umbilical cord blood 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 are capitalised as inventories, and recognised as cost of sales when revenue is recognised upon successful match of the donated cord blood units.



## NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT

*(Expressed in Hong Kong dollars unless otherwise indicated)***12 NON-CURRENT TRADE AND OTHER RECEIVABLES**

	Note	At 30 September 2014 \$'000	At 31 March 2014 \$'000
Trade receivables	13	267,161	283,822
Investment deposits (i)		262,544	266,320
Prepayment and deposits		359	381
		<b>530,064</b>	550,523

- (i) Investment deposits as at 30 September 2014 and 31 March 2014 represented refundable earnest money for potential healthcare investments.

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

	At 30 September 2014 \$'000	At 31 March 2014 \$'000
Fiscal year ending 31 March		
2016	23,351	44,610
2017	45,243	40,480
2018	39,639	35,699
2019	34,252	32,142
2020 and thereafter	185,599	184,639
Less: Allowance for doubtful debts	(60,923)	(53,748)
	<b>267,161</b>	283,822

## NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT

(Expressed in Hong Kong dollars unless otherwise indicated)

### 13 TRADE AND OTHER RECEIVABLES

	Note	At 30 September 2014 \$'000	At 31 March 2014 \$'000
Trade receivables		592,116	620,546
Less: Allowance for doubtful debts		(92,195)	(81,800)
		<b>499,921</b>	538,746
<b>Representing:</b>			
Non-current	12	267,161	283,822
Current		232,760	254,924
Prepayment and deposits		10,116	19,098
Other receivables		56,011	64,232
Consideration receivables (i)		649,462	—
<b>Total current trade and other receivables</b>		<b>948,349</b>	338,254

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

- (i) Consideration receivables as at 30 September 2014 represented the amount receivables in connection with the sale of a former associate (note 14).

## NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT

*(Expressed in Hong Kong dollars unless otherwise indicated)***13 TRADE AND OTHER RECEIVABLES** (continued)

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

	<b>At 30 September 2014 \$'000</b>	At 31 March 2014 \$'000
Neither past due nor impaired	<b>309,598</b>	335,555
<b>Past due (net of allowance for doubtful debts)</b>		
Within six months	<b>29,915</b>	53,098
Between seven and twelve months	<b>49,638</b>	51,510
Over one year	<b>110,770</b>	98,583
	<b>190,323</b>	203,191
	<b>499,921</b>	538,746

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.

## NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT

(Expressed in Hong Kong dollars unless otherwise indicated)

### 14 NON-CURRENT ASSETS CLASSIFIED AS HELD FOR SALE

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 its former associate Fortress Group Limited ("Fortress"), representing approximately 27.9% of the issued share capital of Fortress, for a consideration of approximately US\$101,264,000 (equivalent to approximately \$789,862,000). Upon completion of the transaction, the Group will not hold any interest in Fortress and Fortress will cease to be an associate of the Group. As a result, 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 as at 31 March 2014.

The transaction has been completed as at 30 September 2014. Accordingly, the carrying amounts of non-current assets classified as held for sale and amounts recognised in other comprehensive income and accumulated in equity relating to non-current assets classified as held for sale of \$806,327,000 and \$46,393,000, respectively, have been derecognised from the consolidated statement of financial position as at 30 September 2014; and a gain on disposal of non-current assets classified as held for sale of \$29,928,000 has been recognised in the consolidated income statement for the period ended 30 September 2014.

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

\* English name is for identification purpose only.

### 15 TIME DEPOSITS

The balance represents bank deposits as at 30 September 2014 of \$109,738,000 (31 March 2014: \$86,260,000) which have an original maturity of six months.

### 16 CASH AND CASH EQUIVALENTS

Cash and bank equivalents represent:

	<b>At 30 September 2014 \$'000</b>	At 31 March 2014 \$'000
Cash at bank and on hand	<b>3,044,952</b>	2,711,714

## NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT

*(Expressed in Hong Kong dollars unless otherwise indicated)***17 TRADE AND OTHER PAYABLES**

	Note	At 30 September 2014 \$'000	At 31 March 2014 \$'000
<b>Non-current</b>			
Other payables and accrued expenses		240,466	206,516
Consideration payable	23(b)(ii)	50,000	—
		<b>290,466</b>	206,516
<b>Current</b>			
Trade payables		139,950	130,781
Construction costs payables		96,514	126,168
Other payables and accrued expenses		188,924	170,139
Dividends payable to equity shareholders of the Company	22(b)	44,667	36
Consideration payable	23(b)(ii)	50,000	—
		<b>520,055</b>	427,124
		<b>810,521</b>	633,640

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:

	At 30 September 2014 \$'000	At 31 March 2014 \$'000
Due within three months or on demand	139,950	130,781

**NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT***(Expressed in Hong Kong dollars unless otherwise indicated)***18 INTEREST-BEARING BORROWINGS**

At 30 September 2014 and 31 March 2014, the interest-bearing borrowings were repayable as follows:

	<b>At 30 September 2014 \$'000</b>	At 31 March 2014 \$'000
Within one year or on demand	<b>201,816</b>	765,955
After one year but within five years	<b>732,556</b>	77,249
	<b>934,372</b>	843,204

At 30 September 2014 and 31 March 2014, the interest-bearing borrowings were secured as follows:

	<b>At 30 September 2014 \$'000</b>	At 31 March 2014 \$'000
Secured bank loans	<b>201,816</b>	575,034
Unsecured bank loan	<b>732,556</b>	—
Unsecured loan from a third party	—	268,170
	<b>934,372</b>	843,204

**NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT**

*(Expressed in Hong Kong dollars unless otherwise indicated)*

**18 INTEREST-BEARING BORROWINGS** (continued)

- (i) As at 30 September 2014, the bank loans of certain subsidiaries of \$201,816,000 (31 March 2014: \$201,385,000) were secured by interests in certain leasehold land and buildings with carrying amounts of \$226,185,000 (31 March 2014: \$233,540,000).
- (ii) The bank loan of the Company of \$373,649,000 as at 31 March 2014 was secured by the convertible notes of a face value of US\$50,000,000 issued by a subsidiary, China Cord Blood Corporation ("CCBC") and any ordinary shares of CCBC issued to the Company as a result of any conversion of the convertible notes in accordance with the terms of the convertible notes. The loan was measured at amortised cost net of transaction costs paid. The Group has repaid the loan in full in April 2014 from the drawdowns of the new facility agreement as mentioned in (iii) below. The secured assets have been released to the Company upon full settlement of the loan.
- (iii) In February 2014, the Company entered into a new facility agreement with a group of banks for a total facility amount of RMB600,000,000 which is guaranteed by five of its subsidiaries, namely China Bright Group Company Limited ("China Bright"), GM Hospital Group Limited ("GMHG"), GM Hospital Investment Ventures Company Limited, GM Hospital Management Company Limited and Golden Meditech Stem Cells (BVI) Company Limited. The Company has fully withdrawn such new facility in April 2014, part of the drawdowns were used to fully repay the bank loan as mentioned in (ii) above and the unsecured loan from a third party. The loan of \$732,556,000 as at 30 September 2014 was measured at amortised cost net of transaction costs paid.
- (iv) Bank loan of the Group of \$732,556,000 (31 March 2014: \$373,649,000) is subject to the fulfilment of covenants relating to certain of the Group's consolidated financial statement ratios as are commonly found in lending arrangements with financial institutions. If the Group was to breach the covenants, the drawn down facilities would become payable on demand. The Group regularly monitors its compliance with these covenants. As at 30 September 2014 and 31 March 2014, none of the covenants relating to drawn down facilities had been breached.

## NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT

(Expressed in Hong Kong dollars unless otherwise indicated)

### 19 OBLIGATIONS UNDER FINANCE LEASES

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

	At 30 September 2014		At 31 March 2014	
	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	1,543	1,622	1,306	1,385
After one year but within two years	585	620	914	942
After two years but within five years	689	714	265	274
	1,274	1,334	1,179	1,216
	2,817	2,956	2,485	2,601
Less: Total future interest expenses		(139)		(116)
Present value of lease obligations		2,817		2,485



## NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT

*(Expressed in Hong Kong dollars unless otherwise indicated)***20 FINANCIAL LIABILITIES AT FAIR VALUE THROUGH PROFIT OR LOSS**

	At 30 September 2014 \$'000	At 31 March 2014 \$'000
Convertible notes issued by a subsidiary	889,849	773,011
	<b>889,849</b>	773,011
<b>Representing:</b>		
Non-current	889,849	773,011
	<b>889,849</b>	773,011

Movements of financial liabilities at fair value through profit or loss during the period/year are as follows:

	At 30 September 2014 \$'000	At 31 March 2014 \$'000
<b>At beginning of the period/year</b>	<b>773,011</b>	613,967
Interest paid on convertible notes	<b>(35,490)</b>	(36,730)
Changes in fair value of financial liabilities at fair value through profit or loss	<b>152,328</b>	353,208
Redemption of convertible notes issued by the Company	—	(157,434)
<b>At end of the period/year</b>	<b>889,849</b>	773,011

As at 30 September 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 (31 March 2014: \$23,400,000) has been deferred and has not yet been recognised in changes in fair value of financial liabilities at fair value through profit or loss.

**NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT**

*(Expressed in Hong Kong dollars unless otherwise indicated)*

**20 FINANCIAL LIABILITIES AT FAIR VALUE THROUGH PROFIT OR LOSS** (continued)**(a) Convertible notes and warrants issued by the Company**

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

The terms and conditions of the convertible notes are the same except that the noteholders of the July issue 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 of par value of \$0.10 each 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 and 3 January 2013, 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 last amended terms of convertible notes, the noteholders shall have the right to require the Company to redeem the convertible notes on 20 January 2014.

Upon the closing of the issuance of the convertible notes, the Company has issued, by way of bonus, warrants to the noteholders to respectively subscribe for 19,080,000 and 29,002,000 ordinary shares of the Company of par value of \$0.10 each, at an initial exercise price of US\$0.1747 per ordinary share, subject to adjustments under certain terms and conditions of the convertible notes. The warrants are exercisable at any time up to 20 July 2014 and 9 September 2014 respectively at the noteholders' option. Such warrants were all expired as at 30 September 2014.

**NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT***(Expressed in Hong Kong dollars unless otherwise indicated)***20 FINANCIAL LIABILITIES AT FAIR VALUE THROUGH PROFIT OR LOSS** (continued)**(a) Convertible notes and warrants issued by the Company** (continued)

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 noteholders to subscribe for 1,908,000 ordinary shares of the Company of par value of \$0.10 each, on the same terms as aforementioned. Such additional warrants were all expired as at 30 September 2014.

Certain event (the "Relevant Event") occurred during the year ended 31 March 2014 which allowed the noteholders to request 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.

Further details of the convertible notes and warrants and amendments to the terms and conditions of convertible notes are set out in the Company's announcements dated 30 April 2009, 24 August 2009, 3 February 2012, 4 January 2013, 31 December 2013 and 3 June 2014.

**NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT**

*(Expressed in Hong Kong dollars unless otherwise indicated)*

**20 FINANCIAL LIABILITIES AT FAIR VALUE THROUGH PROFIT OR LOSS** (continued)**(b) Convertible notes issued by CCBC**

On 27 April 2012 and 3 October 2012, CCBC issued convertible notes with a face value of US\$65,000,000 (equivalent to approximately \$507,000,000) and US\$50,000,000 (equivalent to approximately \$390,000,000) to KKR China Healthcare Investment Limited ("KKR") and to the Company with a maturity date of 27 April 2017 and 3 October 2017 respectively. Both notes bear interest at 7% per annum and are unsecured.

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

- Conversion rights are exercisable at any time up to maturity at the noteholders' option; and
- 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.

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 3 October 2017 respectively.

The carrying amount of the convertible notes held by the Company has been fully eliminated in the consolidated statement of financial position as at 30 September 2014 and 31 March 2014.

On 25 August 2014, the Company entered into a sales and purchase agreement with Magnum Opus International Holdings Limited ("Magnum") and Cordlife Group Limited ("CGL"), pursuant to which the Company agreed to sell and each of Magnum and CGL agreed to acquire 50% of the outstanding principal amount of the US\$50,000,000 convertible notes (equivalent to approximately \$390,000,000) issued by CCBC to the Company, at an aggregate purchase price of US\$88,090,000 (equivalent to approximately \$687,102,000). The transaction was approved by shareholders at the extraordinary general meeting of the Company held on 9 October 2014 (note 26).

Further details of the terms and conditions of the convertible notes and the disposal of the convertible notes held by the Company are respectively set out in the Company's announcement dated 18 September 2012 and the Company's circular dated 16 September 2014.

## NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT

*(Expressed in Hong Kong dollars unless otherwise indicated)***21 SHARE REPURCHASE OBLIGATIONS**

Share repurchase obligations represented the put options written to non-controlling interests for the repurchase of shares of a subsidiary (note 23(a)) and were stated at amortised cost. Share repurchase obligations were fully exercised during the year ended 31 March 2014.

During the six months ended 30 September 2013, movement in amortised cost of share repurchase obligations of \$3,907,000 has been recognised directly in equity.

**22 CAPITAL AND DIVIDENDS****(a) Share capital**

	Note	At 30 September 2014		At 31 March 2014	
		No. of shares '000	Amount \$'000	No. of shares '000	Amount \$'000
<b>Authorised:</b>					
Ordinary shares of par value of \$0.10 each		—	—	4,000,000	400,000
Ordinary shares of par value of \$0.20 each	(i)	3,000,000	600,000	—	—
<b>Issued and fully paid:</b>					
At beginning of the period/year		3,417,587	341,759	2,271,838	227,184
Effect of share consolidation	(i)	(1,708,793)	—	—	—
Share issued upon open offer	(ii)	—	—	1,139,196	113,920
Shares issued in lieu of cash dividends	(iii)	9,099	1,820	6,553	655
Shares issued upon warrants conversion	(iv)	97	19	—	—
At end of the period/year		1,717,990	343,598	3,417,587	341,759

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

**NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT**

*(Expressed in Hong Kong dollars unless otherwise indicated)*

**22 CAPITAL AND DIVIDENDS** (continued)**(a) Share capital** (continued)

Notes:

(i) Share consolidation and increase in authorised share capital

At the extraordinary general meeting of the Company held on 3 June 2014, shareholders approved the share consolidation on the basis that every two issued and unissued ordinary shares of par value of \$0.10 each, in the share capital of the Company, to be consolidated into one ordinary share of par value of \$0.20 each ("Consolidated Share(s)"), effective from 4 June 2014.

At the extraordinary general meeting of the Company held on 3 June 2014, shareholders also approved the increase in 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 additional 1,000,000,000 Consolidated Shares, effective from 4 June 2014.

(ii) Share issued upon open offer

On 2 January 2014, 1,139,195,777 new ordinary shares of par value of \$0.10 each ("Offer Share(s)") were issued by the Company to eligible shareholders as a result of the open offer on the basis of one Offer Share at the subscription price of \$0.50 each for every two ordinary shares of par value of \$0.10 each. Accordingly, \$113,920,000 was credited to share capital and \$455,678,000 was credited to share premium.

(iii) Shares issued in lieu of cash dividends

On 31 July 2014, 9,099,677 new ordinary shares of par value of \$0.20 each at an issue price of \$1.1837 per share were issued by the Company as special dividend, which was approved by shareholders at the extraordinary general meeting of the Company held on 3 June 2014. Accordingly, \$1,820,000 was credited to share capital and \$8,951,000 was credited to share premium.

On 25 November 2013, 6,553,252 new ordinary shares of par value of \$0.10 each at an issue price of \$0.8227 per share were issued by the Company as final dividend for the year ended 31 March 2013, which was approved by shareholders at the annual general meeting of the Company on 24 September 2013. Accordingly, \$655,000 was credited to share capital and \$4,736,000 was credited to share premium.

(iv) Shares issued upon warrants conversion

At the extraordinary general meeting of the Company held on 3 June 2014, shareholders approved the issue of bonus warrants to eligible shareholders on the basis of two warrants for every eleven ordinary shares of par value of \$0.20 each (the "Warrants"). A total of 310,689,390 Warrants were issued by the Company, conferring the rights in their registered form to the holders thereof to subscribe in cash of 310,689,390 new ordinary shares of par value of \$0.20 each at an initial subscription price of \$1.40 per share (subject to adjustments), at any time during the period commencing on 31 July 2014 and ending on 30 July 2015, both dates inclusive. The Warrants are tradable in board lots of 1,000 Warrants each, the stock code is 00481. Details of the Warrants are set out in the Company's circular dated 9 May 2014 and the Company's announcement dated 30 July 2014.

During the period ended 30 September 2014, 97,024 new ordinary shares of par value of \$0.20 each were issued to Warrants holders. Accordingly, \$19,000 was credited to share capital and \$117,000 was credited to share premium.

**NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT***(Expressed in Hong Kong dollars unless otherwise indicated)***22 CAPITAL AND DIVIDENDS** (continued)**(b) Dividends**

The directors do not recommend the payment of a dividend in respect of the period ended 30 September 2014 (period ended 30 September 2013: \$nil).

A special dividend of HK3 cents per ordinary share of par value of \$0.20 each, was approved by shareholders at the extraordinary general meeting of the Company on 3 June 2014. The special dividend was paid to eligible shareholders on 31 July 2014. Further details of the special dividend are set out in the Company's circulars dated 9 May 2014 and 19 June 2014.

Final dividend in respect of the year ended 31 March 2014 of HK2.6 cents per ordinary share of par value of \$0.20 each (year ended 31 March 2013: final dividend of HK1.3 cents per ordinary share of par value of \$0.10 each), was approved by shareholders at the annual general meeting of the Company held on 19 September 2014. Accordingly, a liability of \$44,667,000 has been recognised by the Company as at 30 September 2014 (note 17). Further details of the final dividend are set out in the Company's circulars dated 21 July 2014 and 14 October 2014.

**23 ACQUISITIONS AND DISPOSALS****(a) Disposal and acquisition of partial interests in a subsidiary**

On 27 August 2010, the Company sold a 23.9% equity interest in a then wholly-owned subsidiary, China Bright 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 gave the investors the right to require the Company to re-acquire the sold shares of China Bright at \$15.88 per share if a separate listing of the shares of China Bright on the Main Board of the Hong Kong Stock Exchange, NASDAQ or the New York Stock Exchange (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 gave 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 21).

**NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT**

*(Expressed in Hong Kong dollars unless otherwise indicated)*

**23 ACQUISITIONS AND DISPOSALS** (continued)**(a) Disposal and acquisition of partial interests in a subsidiary** (continued)

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

On 26 August 2012, a separate listing of China Bright on qualified IPO markets 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.

The Company then reached supplemental agreements with respective investors to exercise and amend the terms of the Put option as follows:

- (i) On 26 August 2012, expiry date of 20.55% of the total Put option shares, representing 7,332,809 ordinary shares or 4.91% equity interest of China Bright was extended from 26 August 2012 to 26 February 2014, with Taiwan Stock Exchange and Singapore Stock Exchange included as qualified IPO markets for China Bright to complete a separate listing ("Adjusted Put option"). The Adjusted Put option gave investors the right to require the Company to reacquire the sold shares of China Bright at a consideration of approximately \$116,445,000 plus agreed interests for the period from 27 August 2012 and ending on the closing date of the Company's acquisition of the sold shares. On 7 January 2014, all the Adjusted Put option shares, representing 7,332,809 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.
- (ii) On 27 September 2012, 20.55% of the total Put option shares, representing 7,332,808 ordinary shares or 4.91% equity interest of China Bright, were exercised in full. The consideration of approximately \$116,445,000 was fully paid in cash in October 2012.
- (iii) 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 instalments. 50%, 25% and 25% of the total consideration together with agreed interest totaling approximately \$50,459,000, \$27,122,000 and \$29,014,000 were paid in cash in September 2012, March 2013 and September 2013 respectively.



## NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT

(Expressed in Hong Kong dollars unless otherwise indicated)

**23 ACQUISITIONS AND DISPOSALS** (continued)**(a) Disposal and acquisition of partial interests in a subsidiary** (continued)

- (iv) 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 is payable by the Company by instalments. 50%, 25% and 25% of the total consideration with agreed interests totaling approximately \$116,445,000, \$66,956,000 and \$69,278,000 were paid in cash in November 2012, May 2013 and December 2013 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.

**(b) Acquisition of additional interests in subsidiaries**

- (i) On 14 January 2014, the Company completed the acquisition of 7.67% additional equity interest 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 cash proceeds of RMB40,000,000 (equivalent to approximately \$50,300,000) from the Contracted Party and settled the trade receivables from Shanghai Daopei Hospital. At completion date, the difference of \$221,338,000 between (A) the fair value of the Disposed Management Service Contract Right of \$344,077,000, net of the associated deferred tax liabilities of \$86,019,000, plus the net assets value of the Disposed Subsidiary of \$4,863,000; and (B) the carrying amount of 7.67% additional equity interest of GMHG of \$28,894,000 and net proceeds of \$12,689,000 (cash proceeds of \$50,300,000 offset by the settlement of trade receivables), and the related exchange reserve of \$9,524,000, were 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 and as at 30 September 2014, the Group held 82.67% equity interest in GMHG.

**NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT**

(Expressed in Hong Kong dollars unless otherwise indicated)

**23 ACQUISITIONS AND DISPOSALS** (continued)**(b) Acquisition of additional interests in subsidiaries** (continued)

- (ii) On 18 July 2014, GM Hospital Management (China) Company Limited\* (金衛醫院管理(中國)有限公司) ("GMHM(China)"), a wholly-owned subsidiary of GMHG and an indirectly non-wholly owned subsidiary of the Company, entered into an equity transfer agreement to acquire 30% additional equity interest in Beijing Guohua Jiedi Hospital Management Company Limited\* (北京國華傑地醫院管理有限公司) ("Beijing Guohua Jiedi") for a cash consideration of approximately \$154,000,000.

Upon completion and as at 30 September 2014, GMHM(China) hold the entire equity interest in Beijing Guohua Jiedi, which owns 82.73% equity interest in Beijing Qinghe Hospital Company Limited\* (北京清河醫院有限公司) ("Beijing Qinghe Hospital"). The transaction was accounted for as transaction within the shareholders of the Company in their capacity as equity holder. At completion date, the difference between the cash consideration and the carrying amount of the acquired additional equity interest was recognised in equity.

A total of approximately \$54,000,000 of the consideration has been paid as at 30 September 2014. According to the terms of agreement, \$50,000,000 shall be paid on or before 26 May 2015, and the remaining \$50,000,000 shall be paid on or before 26 May 2016. Accordingly, \$50,000,000 has been recognised as current liability and another \$50,000,000 was recognised as non-current liability in the consolidated statement of financial position as at 30 September 2014 (note 17).

\* English name is for identification purpose only.

**24 FAIR VALUES OF FINANCIALS INSTRUMENTS**

The following table presents the carrying values 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 inputs used in the valuation technique as follows:

- Level 1 valuations: Fair values measured using only Level 1 inputs i.e. unadjusted quoted prices in active markets for identical assets or liabilities at the measurement date.
- Level 2 valuations: Fair values measured using only Level 2 inputs i.e. observable inputs which fail to meet Level 1, and not using significant unobservable inputs. Unobservable inputs are inputs for which market data are not available.
- Level 3 valuations: Fair values measured using significant unobservable inputs.

## NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT

*(Expressed in Hong Kong dollars unless otherwise indicated)***24 FAIR VALUES OF FINANCIALS INSTRUMENTS** (continued)**As at 30 September 2014**

	Note	Fair value as at 30 September 2014 \$'000	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000
<b>Assets</b>					
Available-for-sale securities		178,082	176,132	—	1,950
Trading securities		79,341	79,341	—	—
		<b>257,423</b>	<b>255,473</b>	<b>—</b>	<b>1,950</b>
<b>Liabilities</b>					
Convertible notes	20	889,849	—	—	889,849
		<b>889,849</b>	<b>—</b>	<b>—</b>	<b>889,849</b>

**As at 31 March 2014**

	Note	Fair value as at 31 March 2014 \$'000	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000
<b>Assets</b>					
Available-for-sale securities		183,508	181,558	—	1,950
Trading securities		86,320	86,320	—	—
		<b>269,828</b>	<b>267,878</b>	<b>—</b>	<b>1,950</b>
<b>Liabilities</b>					
Convertible notes	20	773,011	—	—	773,011
		<b>773,011</b>	<b>—</b>	<b>—</b>	<b>773,011</b>

## NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT

(Expressed in Hong Kong dollars unless otherwise indicated)

### 24 FAIR VALUES OF FINANCIALS INSTRUMENTS (continued)

During the period/year ended 30 September 2014 and 31 March 2014, 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 20.

All financial instruments were carried at amounts not materially different from their fair values as at 30 September 2014 except the unlisted equity securities of \$371,517,000 (31 March 2014: \$335,504,000), which do not have a quoted market price in an active market and therefore their fair values cannot be reliably measured. They were held for strategic purposes and recognised at cost less impairment losses at the end of the reporting period.

### 25 COMMITMENTS

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

	At 30 September 2014 \$'000	At 31 March 2014 \$'000
Contracted for	41,766	52,603

(b) *At the end of the reporting period, the total future minimum lease payments under non-cancellable operating leases were payable as follows:*

	At 30 September 2014 \$'000	At 31 March 2014 \$'000
Within one year	11,993	13,748
After one year but within five years	5,312	11,215
	17,305	24,963

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.

## NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT

*(Expressed in Hong Kong dollars unless otherwise indicated)***25 COMMITMENTS** (continued)**(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 30 September 2014 under this agreement amounted to RMB2,000,000 (31 March 2014: RMB2,000,000), equivalent to approximately \$2,523,000 (31 March 2014: \$2,517,000).

The Group entered into several co-operation agreements with third-parties in relation to the operation of cord blood banks. As at 30 September 2014 and 31 March 2014, the total future minimum payments under co-operation agreements were payable as follows:

	<b>At 30 September 2014 \$'000</b>	At 31 March 2014 \$'000
Within one year	<b>7,316</b>	7,300
After one year but within five years	<b>29,263</b>	29,201
After five years	<b>86,613</b>	90,078
	<b>123,192</b>	126,579

**NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT**

*(Expressed in Hong Kong dollars unless otherwise indicated)*

**26 NON-ADJUSTING EVENTS AFTER THE REPORTING PERIOD**

- (i) At the extraordinary general meeting of the Company held on 9 October 2014, shareholders approved the sales and purchase agreement entered into by the Company with Magnum and CGL, pursuant to which the Company agreed to sell and each of Magnum and CGL agreed to acquire 50% of the outstanding principal amount of the US\$50,000,000 convertible notes issued by CCBC to the Company, at an aggregate purchase price of US\$88,090,000. Further details of the transaction are set out in the Company's circular dated 16 September 2014. The transaction was completed on 10 November 2014.
- (ii) At the extraordinary general meeting of the Company held on 21 October 2014, shareholders approved the restricted share unit scheme of CCBC, which allows the board of directors of CCBC to grant to eligible senior management or executive officers of CCBC and its subsidiaries certain numbers of restricted share unit, and each restricted share unit represents one CCBC ordinary share. Further details of the restricted share unit scheme of CCBC are set out in the Company's circular dated 29 September 2014.
- (iii) On 22 October 2014, the Company entered into a convertible notes subscription agreement with Gem Power International Limited for the issuance of the principal amount of US\$20,000,000 5% redeemable convertible notes due 2017. The convertible notes are convertible into new ordinary shares of the Company of par value of \$0.20 each at an initial conversion price of \$1.40 (subject to adjustments). Further details of the convertible notes are set out in the Company's announcement dated 22 October 2014. The transaction was completed on 13 November 2014.
- (iv) On 7 November 2014, the Company entered into conditional share acquisition agreements to acquire the remaining 17.33% equity interest in GMHG at an aggregate consideration of approximately \$162,486,000. According to the terms of agreements, 40% of the aggregate consideration of approximately \$64,994,000 shall be settled by cash and the remaining 60% of the aggregate consideration of approximately \$97,492,000 shall be settled by the issuance of a total of 77,374,256 new ordinary shares of the Company of par value of \$0.20 each at an issue price of \$1.26 per share. Upon completion of the acquisition, GMHG will become a wholly-owned subsidiary of the Company. Further details of the acquisition are set out in the Company's announcement dated 7 November 2014.

## DISCLOSURE OF INTERESTS

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

As at 30 September 2014, the interests and short positions of the directors (the "Directors") and chief executives of the Company in the shares and, in respect of equity derivatives, underlying shares in, and debentures of, the Company or any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance ("SFO")) which were notified to the Company and The Stock Exchange of Hong Kong Limited (the "Stock Exchange") pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they have taken or deemed to have under such provisions of the SFO), or which were required, pursuant to section 352 of the SFO, to be entered in the register referred to therein, or which were required, pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers ("the Model Code") contained in Appendix 10 to 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

Name of Directors	Capacity and nature of interests	Long positions Number of ordinary shares of HK\$0.20 each (the "Shares")			Approximate percentage of the Company's issued share capital
		Number of Shares	Number of underlying Shares held under equity derivatives	Total interests	
Mr. KAM Yuen	Founder of trusts	360,650,000 <sup>(1)</sup>	62,050,000 <sup>(1)</sup>	422,700,000	24.60%
	Beneficial owner	—	38,621,655 <sup>(2)</sup>	38,621,655	2.25%
Mr. LU Tian Long	Beneficial owner	—	3,458,333 <sup>(2)</sup>	3,458,333	0.20%
Mr. KONG Kam Yu	Beneficial owner	6,440,233	5,014,583 <sup>(2)</sup>	11,454,816	0.67%
Ms. ZHENG Ting	Beneficial owner	—	4,380,555 <sup>(2)</sup>	4,380,555	0.25%

Notes:

- (1) Mr. KAM Yuen was deemed under the SFO to have an interest in 360,650,000 Shares and 62,050,000 underlying Shares which Bio Garden Inc. ("Bio Garden") was interested in as at 30 September 2014 (the "Bio Garden Shares") by virtue of him being the founder of certain discretionary trusts which owned the entire issued share capital of Bio Garden.

The interests in 62,050,000 underlying Shares related to the interests in the warrants of the Company (the "Warrants") carrying subscription rights which are exercisable during the period from 31 July 2014 to 30 July 2015 to subscribe for a total of 62,050,000 Shares at an initial subscription price of HK\$1.40 per Share (subject to adjustment).

- (2) These interests represent the Directors' beneficial interests in the underlying Shares in respect of the share options granted by the Company to the Directors as beneficial owners.

## DISCLOSURE OF INTERESTS

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

(continued)

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

Name of Directors	Capacity and nature of interests	Number of ordinary shares of US\$0.0001 each		Approximate percentage of the issued share capital of CCBC
		Number of shares/ underlying shares of US\$0.0001 each	Total interests	
Mr. KAM Yuen	Beneficial owner	357,331	357,331	0.49%
	Interest of controlled corporation	8,809,020 <sup>(1)</sup>	8,809,020	12.07%
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%

Note:

- (1) Pursuant to an agreement dated 25 August 2014, Magnum Opus International Holdings Limited ("Magnum") and Cordlife Group Limited each acquired 50% of the principal amount of US\$50,000,000 7% senior convertible notes issued by CCBC in October 2012. Upon full conversion of the said convertible notes at the conversion price of US\$2.838 per CCBC ordinary share, 8,809,020 ordinary shares of CCBC will be issued. Magnum is wholly-owned by Mr. KAM Yuen.

Save as disclosed above, as at 30 September 2014, none of the Directors or the chief executives of the Company or their respective associates had any interests or short positions in the shares or, in respect of equity derivatives, underlying shares in, or debentures of, the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which would have to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they have taken or deemed to have under such provisions of the SFO) or which were required, pursuant to section 352 of the SFO, to be entered in the register referred to therein, or were required, pursuant to the Model Code contained in the Listing Rules, to be notified to the Company and the Stock Exchange.



## DISCLOSURE OF INTERESTS

## SHARE OPTION SCHEMES

The principal terms of the share option schemes of the Company (which have all been terminated) are summarised in note 38 to the financial statements as included in the annual report of the Company for the year ended 31 March 2014. 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	Number of	Adjustment for the share consolidation <sup>(4)</sup>	Number of	Adjusted exercise price <sup>(4)</sup> HK\$	Market value per ordinary share of the Company each at grant date HK\$
		underlying Shares in respect of which share options were exercised during the six months ended 30 September 2014	underlying Shares in respect of which share options were outstanding as at 30 September 2014		underlying Shares in respect of which share options were outstanding as at 30 September 2014		
Mr. KAM Yuen	30 March 2005 <sup>(1)</sup>	72,862,754	—	(36,431,377)	36,431,377	3.054	1.56
	27 April 2009 <sup>(3)</sup>	4,380,555	—	(2,190,277)	2,190,278	1.996	1.14
Mr. LU Tian Long	4 March 2005 <sup>(2)</sup>	461,111	—	(230,555)	230,556	2.776	1.60
	27 April 2009 <sup>(3)</sup>	6,455,555	—	(3,227,778)	3,227,777	1.996	1.14
Mr. KONG Kam Yu	4 March 2005 <sup>(2)</sup>	2,305,556	—	(1,152,778)	1,152,778	2.776	1.60
	27 April 2009 <sup>(3)</sup>	7,723,611	—	(3,861,806)	3,861,805	1.996	1.14
Ms. ZHENG Ting	4 March 2005 <sup>(2)</sup>	2,305,556	—	(1,152,778)	1,152,778	2.776	1.60
	27 April 2009 <sup>(3)</sup>	6,455,555	—	(3,227,778)	3,227,777	1.996	1.14
Full-time employees (other than Directors)	4 March 2005 <sup>(2)</sup>	11,377,915	—	(5,688,958)	5,688,957	2.776	1.60
	27 April 2009 <sup>(3)</sup>	27,243,599	—	(13,621,799)	13,621,800	1.996	1.14
		141,571,767	—	(70,785,884)	70,785,883		

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

## DISCLOSURE OF INTERESTS

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### SHARE OPTION SCHEMES (continued)

Notes:

- (1) The share options are exercisable as to:
  - (i) up to 20% immediately after 6 months from the date of grant;
  - (ii) up to 60% immediately after 18 months from the date of grant;
  - (iii) up to 100% immediately after 30 months from the date of grant; and
  - (iv) the share options will expire at the close of business on 3 March 2015.
- (2) The share options are exercisable in full immediately 3 months after the date of grant and will expire at the close of business on 28 February 2015.
- (3) The share options are exercisable as to:
  - (i) up to 30% immediately after the date of grant;
  - (ii) up to 60% immediately after 6 months from the date of grant;
  - (iii) up to 100% immediately after 12 months from the date of grant; and
  - (iv) the share options will expire at the close of business on 26 April 2019.
- (4) 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 and the two to one share consolidation on 4 June 2014.

Save as disclosed above, no share options granted under the share option schemes of the Company were exercised, cancelled or lapsed during the six months ended 30 September 2014.

### DIRECTORS' RIGHTS TO ACQUIRE SHARES OR DEBENTURES

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

## DISCLOSURE OF INTERESTS

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

As at 30 September 2014, the interests and short positions of the shareholders (not being Directors or the chief executives of the Company) in the Shares and underlying Shares of the Company which were notified to the Company and the Stock Exchange pursuant to Divisions 2 and 3 of Part XV of the SFO and required to be entered in the register maintained by the Company pursuant to section 336 of the SFO were as follows:

### (a) Long positions of substantial shareholders

Name	Capacity and nature of interest	No. of Shares/ underlying Shares	Approximate percentage of the Company's issued share capital
Bio Garden <sup>(1)</sup>	Beneficial owner	422,700,000 <sup>(4)</sup>	24.60%
Magic Master Holdings Limited ("Magic Master") <sup>(2)</sup>	Interest of controlled corporation	422,700,000 <sup>(4)</sup>	24.60%
Magic Glory Holdings Limited ("Magic Glory") <sup>(2)</sup>	Interest of controlled corporation	422,700,000 <sup>(4)</sup>	24.60%
Credit Suisse Trust Limited <sup>(2)</sup>	Trustee	422,700,000 <sup>(4)</sup>	24.60%
Fiducia Suisse SA (Formerly known as "KF Suisse SA") <sup>(3)</sup>	Trustee	422,700,000 <sup>(4)</sup>	24.60%
Mr. David Henry Christopher Hill <sup>(3)</sup>	Interest of controlled corporation	422,700,000 <sup>(4)</sup>	24.60%
Mrs. Rebecca Ann Hill <sup>(3)</sup>	Interest of children under 18 or spouse	422,700,000 <sup>(4)</sup>	24.60%
New Horizon Capital III, L.P. ("NH Capital") <sup>(6)</sup>	Interest of controlled corporation	364,385,155	21.21%
New Horizon Capital Partners III Ltd. ("NH Partners") <sup>(6)</sup>	Interest of controlled corporation	364,385,155	21.21%
Hope Sky Investments Limited ("Hope Sky") <sup>(6)</sup>	Beneficial owner	247,600,757	14.41%

## DISCLOSURE OF INTERESTS

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

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

Name of other persons who have more than 5% interests	Capacity and nature of interest	No. of Shares/ underlying Shares	Approximate percentage of the Company's issued share capital
Mr. Kent C. McCarthy <sup>(5)</sup>	Interest of controlled corporation	136,767,420	7.96%
Top Strength Holdings Limited ("Top Strength") <sup>(6)</sup>	Interest of controlled corporation	116,784,398	6.80%
Jayhawk Private Equity Fund II, L.P. ("Jayhawk") <sup>(5) &amp; (7)</sup>	Investment manager	112,708,461	6.56%

## Notes:

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

Out of these 422,700,000 Shares, 62,050,000 Shares represent the underlying Shares related to interests in the Warrants carrying subscription rights which are exercisable during the period from 31 July 2014 to 30 July 2015 to subscribe for a total of 62,050,000 new Shares at an initial subscription price of HK\$1.40 per Share (subject to adjustment).

- (2) The corporate substantial shareholder notice filed by Credit Suisse Trust Limited indicated that Gold Rich Investment Limited ("Gold Rich") and Gold View Investment Limited ("Gold View") had, in aggregate, a 36% interest in Bio Garden which was interested in the Bio Garden Shares. Gold Rich and Gold View were wholly-owned by Magic Master and Magic Glory, respectively. Each of Magic Master and Magic Glory was indirectly wholly-owned by Credit Suisse Trust Limited as trustee of certain discretionary trusts referred to in (1) above. Accordingly, each of Magic Master, Magic Glory and Credit Suisse Trust Limited was deemed, under the SFO, to have an interest in the Bio Garden Shares.
- (3) The corporate substantial shareholder notice filed by Fiducia Suisse SA indicated that it had a 64% interest in Bio Garden. Fiducia Suisse SA is a trustee of certain discretionary trusts as referred to in (1) above. Accordingly, Fiducia Suisse SA was deemed, under the SFO, to have an interest in the Bio Garden Shares. Fiducia Suisse SA was wholly-owned by Mr. David Henry Christopher Hill. Mr. David Henry Christopher Hill and Mrs. Rebecca Ann Hill (being the spouse of Mr. David Henry Christopher Hill) were deemed, under the SFO, to have an interest in the Bio Garden Shares which Fiducia Suisse SA was interested in.
- (4) These interests represented the same block of Shares.

## DISCLOSURE OF INTERESTS

**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** (continued)

Notes: (continued)

- (5) The corporate substantial shareholders notices filed by Jayhawk indicated that Mr. Kent C. McCarthy was a controller who held a 100% interest in the entity. Accordingly, Mr. Kent C. McCarthy would be deemed to have an interest in the Shares held by Jayhawk. Out of the 136,767,420 Shares held by Mr. Kent C. McCarthy, 20,739,529 Shares represent the underlying Shares related to the interest in the Warrants carrying subscription rights to subscribe for a total of 20,739,529 new Shares upon the terms as set out in (1) above.
- (6) Each of Hope Sky and Top Strength is an investment holding company incorporated in the BVI, which was wholly owned by NH Capital, a private equity fund specialising in investments in China. NH Partners was a controller of NH Capital.  
  
Out of these 364,385,155 Shares, 56,059,255 Shares represent the underlying Shares related to interests in the Warrants carrying subscription rights to subscribe for a total of 56,059,255 new Shares upon the terms as set out in (1) above.
- (7) Out of these 112,708,461 Shares, 17,339,763 Shares represent underlying Shares related to interests in the Warrants carrying subscription rights to subscribe for a total of 17,339,763 new Shares upon the terms as set out in (1) above.

Save as disclosed above, as at 30 September 2014, the Directors are not aware of any other person or corporation having an interest or short position in the Shares or underlying Shares representing 5% or more of the issued share capital of the Company.

## CORPORATE GOVERNANCE AND OTHER INFORMATION

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### REPORT ON CORPORATE GOVERNANCE

Throughout the six months ended 30 September 2014, the Company has complied with the code provisions of the Corporate Governance Code (“CG Code”) as set out in Appendix 14 of the Listing Rules, except for code provision A.2.1. The following summarises the requirements under the relevant code provision and the Company’s reasons for such deviation:

#### *Code Provision A.2.1*

Under code provision A.2.1 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 of Directors of the Company (the “Board”) and the businesses of the Company and its subsidiaries (collectively referred to as the “Group”). The Board considers that this structure will not impair the balance of power and authority in view of the current composition of the Board, which comprises, inter alia, three independent non-executive Directors who bring strong independent judgment, knowledge and experience to the Board’s deliberations. The Board believes that this structure is conducive to strong and consistent leadership for the Group, enabling it to make and implement decisions promptly and efficiently.

Mr. Kam has been both the chairman and chief executive of the Company since the listing of the Company’s shares in 2001. He has substantial experience in the healthcare industry. The Board and management are of the view that the assumption of those positions by Mr. Kam is beneficial to the business development of the Group.

### CHANGE OF DIRECTORS

During the six months ended 30 September 2014, the composition of the Board changed. Mr. GAO Zong Ze resigned as an independent non-executive Director with effect from 19 September 2014.

Mr. GAO Yue was appointed as a non-executive Director on 14 November 2014. As at the date of the interim report, the Board is comprised four executive Directors, namely Mr. KAM Yuen, Mr. LU Tian Long, Mr. KONG Kam Yu and Mr. YU Kwok Kuen Harry; two non-executive Directors, namely Ms. ZHENG Ting and Mr. GAO Yue and three independent non-executive Directors, namely Prof. CAO Gang, Mr. FENG Wen and Prof. GU Qiao.

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

During the six months ended 30 September 2014, neither the Company nor any of its subsidiaries purchased, redeemed or sold any of the Company’s listed and unlisted securities.

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**CORPORATE GOVERNANCE AND OTHER INFORMATION**

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**SECURITIES TRANSACTIONS BY DIRECTORS**

The Company has adopted the Model Code as its own code of conduct regarding Directors' securities transactions. Having made specific enquiries of all Directors, all Directors confirmed that they have complied with, or they were not aware of any non-compliance with the required standards of dealings during the six months ended 30 September 2014.

**COMPETITION AND CONFLICT OF INTERESTS**

None of the Directors or any of their respective associates has engaged in any business that competes or may compete with the business of the Group or has any other conflicts of interest with the Group.

**AUDIT COMMITTEE**

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

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

The audit committee, together with the management team of the Company, has reviewed the accounting principles and practices adopted by the Group and discussed accounting issues, internal control and financial reporting matters with the Directors, including a review of the unaudited interim report for the six months ended 30 September 2014.

By order of the Board  
**KAM Yuen**  
*Chairman*

HONG KONG, 28 November 2014

## CORPORATE INFORMATION

### **Executive Directors**

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

### **Non-executive Directors**

Ms. ZHENG Ting  
 Mr. GAO Yue (appointed on 14 November 2014)

### **Independent Non-executive Directors**

Prof. CAO Gang  
 Mr. FENG Wen  
 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

### **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 Officer**

Ms. Charlotte Cheung, Investor Relations Manager  
 Email: ir@goldenmeditech.com

### **Website**

www.goldenmeditech.com