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)

2014/15

ANNUAL REPORT


ENHANCING
SHAREHOLDERS'
VALUE

CONTENTS

CORPORATE PROFILE

Golden Meditech Holdings Limited (the "Company" or "Golden Meditech"; 801.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 potential 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 Haidian District is a specialised hospital with various faculties, providing high quality and comprehensive healthcare services to residents in Beijing.

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

The healthcare services segment also includes China Cord Blood Corporation ("CCBC"; CO.NYSE), 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 a partial interest in the exclusive operator in Shandong. CCBC is one of the major shareholders of Cordlife Group Limited (P8A.SGX), the largest cord blood bank operator in Southeast Asia.

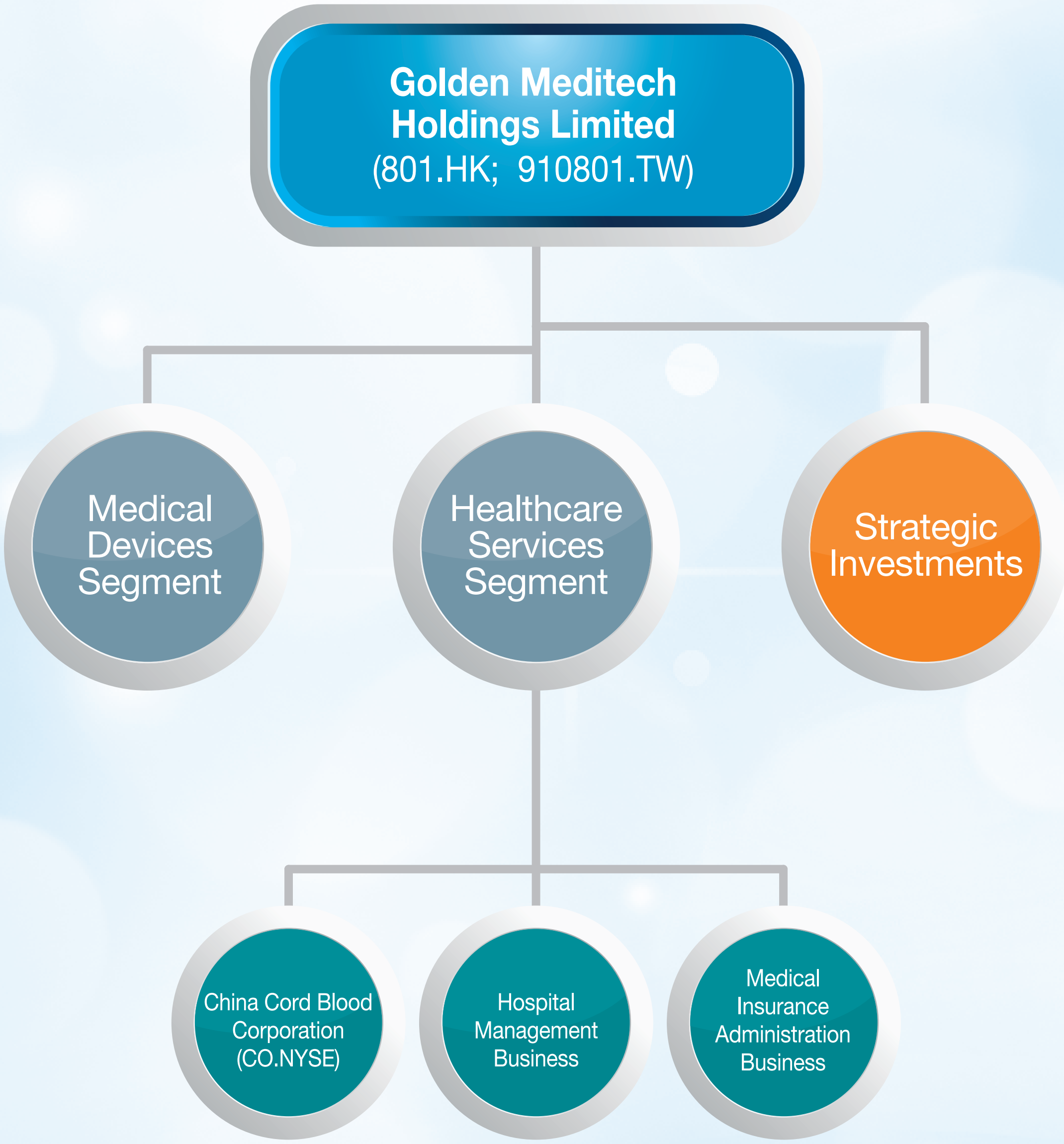
THE MEDICAL DEVICES SEGMENT

The Group is the first-mover 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 was the first domestically developed device to obtain approval from the China Food and Drug Administration.

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. The Group is striving to maintain our leading position in Mainland China's integrated healthcare industry, creating a balanced portfolio and enable each business operation to be a leader in its respective market. We adhere closely to the relevant policy of the government through accelerating the consolidation of the business structure. We endeavour to benchmark ourselves alongside the global industry leaders in both quality and standards.

BUSINESS STRUCTURE



CORPORATE HISTORY AND MILESTONES

2015

> The Group acquired the remaining equity interest in GM Hospital Group Limited to consolidate shareholdings in hospital management business

> Brought in strategic investor through the issuance of convertible notes of an aggregate principal amount of US$20 million

2014

> New cord blood storage facilities in Guangdong Province and Zhejiang Province are scheduled to open in the first half of fiscal year 2015

2013

> The medical devices distribution business started exclusive distribution of AXP System, an automated system used for stem cells extraction

> Beijing Qinghe Hospital with over 600 beds located in Beijing Haidian District started its trial run in December

2012

> The medical devices segment established a new distribution business for imported high-end overseas medical devices

2011

> Became the first healthcare enterprise from Mainland China to successfully list its depositary receipts on the Taiwan Stock Exchange

> Acquired Shanghai East International Medical Center to enter into premium healthcare service market

> China Cord Blood Corporation ("CCBC", CO.NYSE) secured an exclusive license to operate cord blood storage business in Zhejiang Province

2010

> Changed its name to "Golden Meditech Holdings Limited", to better reflect the Group's integrated business model, multiple revenue streams and depth exposure in Mainland China's healthcare industry

> Launched Mainland China's first third-party medical insurance administration, GM-Medicare Management (China) Company Limited, as a joint venture with two leading US-based health maintenance organisations

2009

> New cord blood storage facility, then the largest cord blood storage facility in the world in terms of capacity and daily processing volume, commenced operation in Beijing

> Transferred listing from the Growth Enterprise Market ("GEM") onto the Main Board of The Hong Kong Stock Exchange Limited (801.HK)

> Completed the acquisition of the hospital management business

> CCBC successfully listed on the New York Stock Exchange

2008

> New cord blood storage facility in Guangdong Province commenced operation

2007

> Expansion of cord blood storage business into Guangdong Province

2003

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

2002

> Medical devices production facility located in Beijing commenced production

2001

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

CHAIRMAN'S STATEMENT

Dear Shareholders,

I am pleased to announce the annual results of Golden Meditech Holdings Limited (the "Company" or "Golden Meditech") for the fiscal year 2014/2015.

During the reporting period, the annual results of the core operations were in line with management's expectations as our businesses are in a very stable business environment. Being a pioneer in Mainland China's healthcare industry, Golden Meditech is banking on its healthcare services and medical devices businesses for future growth. The Company constantly optimises its business operations through business integration. This not only diversifies our sources of revenue, but also solidifies our business platform, which further enhances the competitiveness of Golden Meditech.

Mainland China experienced fast economic growth over the past few decades. In spite of the current economy slowdown, the government is determined to carry out economy reforms and readjust the industry setting policies. Increasingly, the development of the domestic market in Mainland China is essential to achieve a steady and orderly long-term domestic growth. The rising demand of the general public for quality healthcare resources, as a result of growing income and ageing population, has prompted the Chinese government to overhaul the healthcare system and place healthcare reform as its top priority. As a result, the government encourages private capital to enter into hospital sector and expands national medical insurance coverage as part of its key reform strategies. And these strategies will drive positive competition in the entire healthcare system, providing new impetuses behind the healthcare market development.

Being a company with comprehensive market intelligence and seasoned operating experience, Golden Meditech is able to seize the advantages arising from Mainland China's healthcare reform. Thanks to our medical device platform, we are able to establish and develop our healthcare services segment. Our leading position in Mainland China's healthcare industry allows us to grasp firmly onto the shrinking market opportunities as a result of the improved healthcare realm.

Embracing the enormous healthcare market potential in the Mainland China, Golden Meditech is actively expanding its reach in the hospital management business. Not only does the Company solidify its position in the premium healthcare market through its renowned hospital brand, Shanghai East International Medical Centre, it also introduces an innovative management model for its Beijing Qinghe Hospital ("Qinghe Hospital"), creating a new era for its hospital management business.

Qinghe Hospital's performance has improved progressively since its trial stage of operation. Despite the increase in hospital management costs, the management believes Qinghe Hospital will provide satisfying returns once it is fully operational. The development of the hospital management business will certainly drive Golden Meditech towards a new milestone in its integrated healthcare realm. Consequently, Golden Meditech further increased its shareholdings in Qinghe Hospital to 82.73% during the reporting period and acquired the remaining shareholdings in GM Hospital Group Limited, with a view to reinforcing economic interests. The Qinghe Hospital is now working seamlessly with Peking University People's Hospital (北京大學人民醫院) to provide quality healthcare services to gain public confidence, and is poised to establish a good reputation in hospital realm, thus releasing its full market potential.

During the past twelve months, the Company had actively considered a number of investment projects, identifying new business opportunities which would complement and strengthen its existing businesses. However, the Company reckoned that increasing and consolidating its existing resources would create even greater value for shareholders. Therefore, on 27 April 2015, Golden Meditech submitted a non-binding offer to the board of directors of China Cord Blood Corporation ("CCBC") for the acquisition of the entire shares of CCBC (other than the shares already owned by it) at an offer price of US$6.40 per share in cash, with a view to privatise CCBC. Subsequently, in May 2015, the Company announced it would acquire all 7% senior convertible notes of CCBC held by KKR China Healthcare Investment Limited, Magnum Opus International Holdings Limited and Cordlife Group Limited and the ordinary shares held by Cordlife Group Limited pursuant to terms and conditions of relevant purchase agreements ("Conditional Acquisitions"). Upon completion of the Conditional Acquisitions (assuming all 7% senior convertible notes were fully converted and all restricted share units of CCBC were vested), the equity interest in CCBC held by the Company would increase from approximately 38.31% to 65.10%.

In view of the continuous support and trust from our shareholders and to adopt a relatively stable dividend policy, the board of directors of the Company (the "Board") recommends the payment of a final dividend of HK1.3 cents (2014: HK2.6 cents) per share to our shareholders, after taking into account the return on equity, the Company's cash flow, the long-term development plan and other capital needs. Hereafter, Golden Meditech will continue to balance its long-term development and shareholders' interests, striving to increase shareholders' value in the years ahead.

GROUP OUTLOOK

Mainland China continues to deepen its healthcare reform. The dynamic development of the healthcare market is further augmented by the increasing government spending. Market survey projects that the Mainland China's healthcare service market size will exceed RMB3.16 trillion in 2015, creating huge growth opportunities for Golden Meditech.

Exploring new market opportunities, defining our market segment and targeting unique customer base remain important elements of our leading position in hospital management business. We thrive to meet patients' demand for quality healthcare services through excellent medical techniques and efficient service standards. This will enhance our brand and reputation as well as strengthening our position in the healthcare market.

The Company will adhere closely to the improving healthcare business environment to cultivate both healthcare services and medical devices businesses. At the same time, the Company will continue to improve its business structure by exceling in research and development, operational efficiency and management capabilities. Leveraging on our pioneer status in the healthcare industry, we seek to create value in our business chains and develop synergies among our core businesses, further enhancing our overall competitive edge.

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

KAM Yuen
Chairman

30 June 2015

MANAGEMENT DISCUSSION AND ANALYSIS

The management is pleased to present the annual results of Golden Meditech Holdings Limited (the "Company" or "Golden Meditech", and together with its subsidiaries, collectively referred to as the "Group") for the financial year ended 31 March 2015 (the "Reporting Period"). During the Reporting Period, results performance recorded by all core business segments of the Group were in line with the management's expectations.

By leveraging on its ability to turn industry insights and market experiences into viable strategies, Golden Meditech has been placing high priority in optimising both of its healthcare services and medical devices segments. In addition, the Company is growing its healthcare services business upon the medical devices segment, with a view to timely seize the opportunities arising from the healthcare system reform in Mainland China. This has further enhanced the overall competitiveness of the Company and made it a leading integrated healthcare enterprise in Mainland China. Total revenue for the fiscal year 2014/15 amounted to HK$1,051,350,000, with the healthcare services segment and medical devices segment contributed 82.7% and 16.7% to the Group's total revenue respectively.

The Group announced in August 2014 that it had entered into an agreement to sell the 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"), 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, providing additional finances to the Group in exploring its potential acquisitions or new expansion opportunities elsewhere. After thorough investigation, the Group found that the emerging business opportunities induced excessive commercialisation risks and their future revenue stream was highly unpredictable.

Looking back, over the years, CCBC has developed into a leading cord blood storage business with a proven and better established business model in the Mainland China. On 27 April 2015, the Company submitted a non-binding proposal to the board of directors of CCBC for the acquisition of all of the outstanding ordinary shares of CCBC, not already owned by it, at an offer price of US$6.40 per share in cash, with a view to privatise CCBC (the "Proposed Privatisation"). Such Proposed Privatisation will complement the Group's overall strategies within the Mainland China healthcare industry, further increases its scale of business and profitability. Meanwhile, the Company proposed to finance the Proposed Privatisation by way of open offer (the "Possible Open Offer") and debt financing, and will issue a further announcement to inform shareholders on any further progress relating to the Proposed Privatisation and the Possible Open Offer.

Based on the above reasons, the Company also announced, on 4 May and 8 May 2015 respectively, that it had entered into agreements with KKR China Healthcare Investment Limited ("KKR"), Magnum and CGL to acquire the 7% senior convertible notes due 2017 in an aggregate principal amount of US$115,000,000 (equivalent to approximately HK$897,000,000) issued by CCBC and held by KKR, Magnum and CGL respectively for a total consideration of not less than approximately US$282,838,000 (equivalent to approximately HK$2,206,136,000). Concurrently, the Company has also entered into an agreement with CGL to acquire the 7,314,015 ordinary shares of CCBC held by CGL for a total consideration of not less than approximately US$46,810,000 (equivalent to approximately HK$365,118,000). Upon completion of the above acquisitions (assuming all 7% senior convertible notes were fully converted and all restricted share units of CCBC were vested), the equity interest in CCBC held by the Company would increase from approximately 38.31% to 65.10%.

Meanwhile, the Company desires to seize opportunities that are favourable to its future development when confronting with the Chinese government's deepening of healthcare system reform. As a result, in October 2014, the Company brought in Gem Power International Limited ("Gem Power"), an indirect wholly-owned subsidiary of CCB International (Holdings) Limited as a strategic investor through the Company's issue of the 5% redeemable convertible notes due 2017 in an aggregate principal amount of US$20,000,000 (equivalent to approximately HK$156,000,000). Further details of the convertible notes are set out in note 30(a)(i) to the financial statements.

Revenue was mainly generated from the cord blood storage business and medical devices business, which accounted for 76.1% and 16.7% respectively of the Group's total revenue during the Reporting Period. Revenue from the hospital management business is expected to improve notably when Beijing Qinghe Hospital ("Qinghe Hospital") is fully operational. The increase in selling and administrative expenses was largely attributable to the additional costs deployed in the long-term development of the Group's cord blood storage and depreciation charge of hospital management businesses. However, the Group is confident that its consolidated operating profit will improve once it reaches the scale of business.

During the Reporting Period, loss attributable to equity shareholders of the Company totalled HK$805,860,000, while basic loss per share was HK46.3 cents. Excluding non-cash impairment losses and non-operating fair value losses of financial assets and financial liabilities due to accounting treatment, the adjusted profit attributable to equity shareholders of the Company was HK$29,885,000.

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:

	FY2014/15 (HK$'000)	FY2013/14 (HK$'000)
Revenue from cord blood storage business	**800,555**	722,167
Revenue from hospital management business	**63,442**	71,181
Revenue from medical insurance administration business	**5,845**	4,941
Selling and general administrative expenses *	**505,812**	462,945
Impairment loss on intangible assets	**—**	448,048
Profit/(loss) before interest and tax	**190,811**	(283,903)
Adjusted profit before interest and tax **	**198,096**	225,843
Fair value loss on financial liabilities at fair value through profit or loss	**263,976**	247,736
Loss after tax	**(156,199)**	(470,732)
Adjusted profit after tax ***	**115,062**	159,314

* Selling and general administrative expenses in FY2013/14 included a one-time write-off of trade receivables of HK$61,698,000 with respect to the restructuring of hospital management business.

** Adjusted profit before interest and tax excludes other net loss from disposal of equipments of HK$7,285,000 (2014: impairment losses on intangible assets and trade receivables of HK$509,746,000 in relation to the restructuring of hospital management business).

*** Adjusted profit after tax excludes other net loss from disposal of equipments of HK$7,285,000 (2014: impairment losses on intangible assets and trade receivables and associated tax credits of HK$382,310,000 in relation to the restructuring of hospital management business), and fair value loss on financial liabilities at fair value through profit or loss of HK$263,976,000 (2014: HK$247,736,000).

Driven by the steady growth of cord blood storage business, revenue from the healthcare services segment increased by 9.0% to HK$869,842,000 during the Reporting Period, accounting for 82.7% of the Group's total revenue.

Cord Blood Storage Business

Being one of the largest cord blood storage enterprises in the world, CCBC, a subsidiary of the Group, focused on the penetration of mid-to-high end market. Through strengthening marketing strategies and broadening marketing channels, CCBC continued to optimise its client base in order to increase the penetration rates in its various target markets. During the Reporting Period, CCBC signed up 64,736 new subscribers and achieved 441,359 accumulated subscribers. CCBC's revenue increased by 10.9% to HK$800,555,000 as compared to the previous reporting period while its net profit declined due to fair value changes on convertible notes issued by CCBC as compared to the corresponding period.

During the year, CCBC entered into a memorandum of understanding with Cord Blood Registry®, the world's largest newborn stem cell company, for conducting a joint research on further provision of relevant premium healthcare services to potential clients in Mainland China and overseas.

Hospital Management Business

Golden Meditech has been actively developing its integrated business in order to diversify its sources of revenue, and has regarded the hospital management business as one of its key growth drivers. At present, the Group provides premium healthcare services to premium clientele group and expatriate patients in Shanghai and the surrounding neighbourhoods through the renowned hospital, Shanghai East International Medical Centre ("SEIMC"). It has further extended the coverage of its hospital management business, through the trial operation of Qinghe Hospital, by providing various high quality and comprehensive healthcare services to the general public in Beijing.

Located in Beijing Haidian District, with a gross floor area of approximately 75,000 m^2 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 (北京大學人民醫院), Qinghe Hospital strives to deliver prime healthcare services to the general public in Beijing. As Qinghe Hospital remains at the early stage of development, there was no revenue contribution. The depreciation costs of the hospital facilities were amortised during the year and that has affected the operating income of Qinghe Hospital. Nevertheless, the management believes the revenue, profits and cash flow of Qinghe Hospital will improve progressively once it is fully operational. As a result, the Company acquired the remaining equity interest in GM Hospital Group Limited during the Reporting Period, and further increased its shareholdings in Qinghe Hospital to 82.73%. Meanwhile, SEIMC continues to deliver contributions under its renowned hospital brand.

The government of Mainland China continues to deepen healthcare system reforms by encouraging private capital to invest in hospital sector and widening the national medical insurance coverage. This has brought enormous opportunities to the Group's hospital management business. Being a first-mover in the hospital management services, Golden Meditech consistently provides high quality healthcare services as its top priority. As healthcare reforms continue to deepen, the Company will unveil vast opportunities offered by such reforms as it aims to cement its leading position in the hospital management sector. Despite the fact that huge financial resources and time had been devoted in the hospital management business, the invaluable reputation it created will enable the Company to realise its economic benefits in the future.

Medical Insurance Administration Business

The government of Mainland China has pledged to widen medical insurance coverage for all citizens. GM-Medicare Management (China) Company Limited serves as a missing link by providing claims process and bill settlement services to medical insurance companies, hospitals and policy holders, with a view to capturing the opportunities brought by the expansion of national medical insurance coverage. Though this business is still at the development stage, the Company devoted resources to enhance its claims administration system and explore market opportunities in order to gain acknowledgement and accreditation from the end users. This will help its business in seeking more collaborations with insurance companies and local governments. The management believes that in view of the current circumstances, the Group will build up leading competitive edges on its core operations by summarising the experience collaborations with the government, and making strategic planning and promoting such business will further enhance returns to the Group.

MEDICAL DEVICES SEGMENT

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

	FY2014/15 (HK$'000)	FY2013/14 (HK$'000)
Revenue from medical devices	**47,445**	143,207
Revenue from medical accessories	**128,174**	126,202
Revenue from distribution of medical accessories	**—**	4,792
Selling and general administrative expenses	**49,333**	47,446
Profit before interest and tax	**49,563**	136,459
Profit after tax	**35,679**	108,472

During the Reporting Period, revenue from the medical devices segment amounted to HK$175,619,000, decreased by 36.0% as compared to the corresponding period, accounting for 16.7% of the Group's total revenue.

The healthcare reforms not only improve the standard of the healthcare industry and create higher demand for prime quality medical devices, but also intensify market competition at the same time. Sales of the consumables of Autologous Blood Recovery System ("ABRS") has grown steadily with Mainland China's government healthcare policies promoting the clinical application of blood. However, due to rising competitions, management proactively adjusted its marketing strategy and lowered ABRS' selling price during the Reporting Period. Although sales revenue from ABRS decreased significantly, this pricing strategy has successfully stabilised the demand for medical device consumables. Golden Meditech will endeavour to adjust pricing strategy in a flexible manner by excelling in product mix and quality, self-developed techniques as well as operational efficiency, with a view to strengthen its competitive advantages and maintain market shares. In addition, 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 the opportunities arising from the healthcare reforms.

STRATEGIC INVESTMENTS

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

	FY2014/15 (HK$'000)	FY2013/14 (HK$'000)
Revenue from Chinese herbal medicines business	**5,889**	12,578
Selling and general administrative expenses	**28,429**	36,743
Loss before interest and tax	**(32,107)**	(32,684)
Loss after tax	**(28,420)**	(28,997)
Impairment loss on non-current assets classified as held for sale	**(759,934)**	—

The Group owns 100% of the Chinese herbal medicine business. The management undertook cost control measures to mitigate losses incurred by overseas operations of the Chinese herbal medicines business and an operating loss of HK$32,107,000 was recorded during the year. The Company is exploring better solutions to unlock the commercial value of the Shanghai production facility of the Chinese herbal medicines business.

In June 2015, the Group received a notice in relation to Fortress Group Limited ("Fortress", a former associate of the Group) which requires the ordinary shareholders of Fortress to redeem certain outstanding senior obligations of Fortress from a senior security holder of Fortress, up to the value of the ordinary shares held by such ordinary shareholders, indicating that the disposal of Fortress would not proceed as contemplated. The said notice also requires, under agreed circumstances, the Group to perform under the aforesaid obligation. However, as confirmed from the notice, no further claim against the Group if the Group decides to forfeit and transfer its entire equity interest in Fortress to the said senior security holder of Fortress.

As a result, the Company is currently under discussion with Fortress and negotiation with the said senior security holder of Fortress and is also gathering additional information to assess situation and potential recoverability. The Company will continue to evaluate alternatives to maximise the recovery of the Group's interest in Fortress. Based on the information available at this stage, the Group has made full impairment provision of HK$759,934,000 against the Fortress interest held by the Group in the year ended 31 March 2015. Such non-cash impairment provision is not expected to affect the Group's core businesses which performed in line with management expectation.

GROUP DEVELOPMENT STRATEGY AND OUTLOOK

Looking forward, Mainland China's stable economic development will drive the demand for high quality healthcare services and devices, thanks to its accumulated economic momentum, and vigorous healthcare reforms and the improvement of people's living standards, and thus creating huge growth opportunities for the healthcare industry. As a leading integrated healthcare businesses, Golden Meditech will continue adhering to the direction of developing premium healthcare services and medical device businesses. This will enable the Company to achieve stronger competitive edges in the healthcare sector and to capture opportunities amid the deepening of Mainland China's healthcare reforms. Through persistently improving operational efficiency of our core business segments, we are committed to sustaining long-term growth through our pragmatic and prudent approach. At the same time, we will continue to explore viable opportunities along the healthcare value chain for developing value-added businesses, allowing the market to fully acknowledge and appreciate the intrinsic value of Golden Meditech.

GROUP FINANCIAL REVIEW

Our core businesses reported revenue for the year ended 31 March 2015 at HK$1,051,350,000, representing a slight decrease of approximately 3.1% as compared to the previous reporting period. The healthcare services segment remained the largest source of revenue and recorded HK$869,842,000, a 9.0% increase year-on-year, and accounted for 82.7% of the Group's total revenue. Revenue from the medical devices segment totalled HK$175,619,000 which accounted for 16.7% of the Group's total revenue.

Gross Margin

The Group's gross profit margin increased by 2.6 percentage point to 72.8% as compared to the previous reporting period. Our core businesses, the healthcare services segment and the medical devices segment reported gross profit margins of 77.9% and 52.7% respectively, compared to 74.7% and 61.6% in the previous reporting period. Despite the adjustment in pricing strategy of the medical devices segment in order to maintain market share and enhance competitiveness, gross profit margin increased as a consequence of the restructuring of hospital management business, after which no further amortisation in relation to the hospital management service contract rights was charged to cost of sales.

Selling and Administrative Expenses

The Group continued to enhance its marketing and business development initiatives across all business segments, particularly those in its cord blood storage and hospital management businesses. Selling and administrative expenses incurred for the year totalled HK$637,273,000. Excluding the HK$61,698,000 one-time write-off of trade receivables recorded as a consequence of the restructuring of hospital management business in the previous reporting period, selling and administrative expenses increased by 16.5% year-on-year. Such increase was largely attributable to the substantial startup costs incurred for Qinghe Hospital and the expenditures incurred on marketing promotion of the Group's businesses. 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$178,709,000, as compared to HK$53,866,000 in the previous reporting period. Such fluctuation was largely attributable to the HK$140,400,000 management income with respect to the management services provided to a third party during the year.

Other Net Loss

The Group recorded other net loss of HK$17,565,000, as compared to a net loss of HK$36,625,000 recorded in the previous reporting period. Such fluctuation was largely attributable to the decrease in net realised and unrealised loss recorded as a result of the changes in market values of trading securities held by the Group.

Impairment Loss on Intangible Assets

In FY2013/14, the Group recorded a one-off non-cash impairment loss of HK$448,048,000 on hospital management service contract rights as a consequence of the restructuring of the hospital management business upon relocation to Qinghe Hospital.

Impairment Loss on Available-for-sale Equity Securities

In FY2013/14, the Group recorded HK$25,374,000 non-cash impairment loss on certain available-for-sale securities as a result of the decline in fair values.

Profit/(Loss) from Operations

The Group recorded an operating profit of HK$288,753,000, as compared to an operating loss of HK$303,001,000 in the previous reporting period. Excluding non-cash impairment losses and fair value losses on financial assets, adjusted operating profit amounted to HK$302,447,000, representing a 14.4% increase year-on-year. Such increase was largely attributable to the HK$140,400,000 management income with respect to the management services provided to a third party during the year, which offsets the lesser contribution from medical devices segment as a result of market competition, and the increase in expenditures following the commencement of trial-run of Qinghe Hospital.

Finance Costs

The Group's finance costs for the year amounted to HK$75,354,000, as compared to HK$33,384,000 for the previous year. The increase in finance costs was largely attributable to the arrangement fees of new banking facilities, transaction costs associated with the issuance of convertible notes to Gem Power and the reduced amount of interest capitalisation to construction in progress during the year.

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

The Group recorded a fair value loss of HK$255,425,000 for the Reporting Period, which was largely attributable to the changes in fair value of the convertible notes issued by CCBC. CCBC's share price increased to US$5.11 per share as at 31 March 2015 (31 March 2014: US$4.00), which was approximately 80.1% above the conversion price of such convertible notes.

Impairment Loss on Non-current Assets classified as Held for Sale

In June 2015, the Group received a notice in relation to Fortress which requires the ordinary shareholders of Fortress to redeem certain outstanding senior obligations of Fortress from a senior security holder of Fortress, up to the value of the ordinary shares held by such ordinary shareholders, indicating that the disposal of Fortress would not proceed as contemplated. The said notice also requires, under agreed circumstances, the Group to perform under the aforesaid obligation. However, as confirmed from the notice, no further claim against the Group if the Group decides to forfeit and transfer its entire equity interest in Fortress to the said senior security holder of Fortress.

As a result, the Company is currently under discussion with Fortress and negotiation with the senior security holder of Fortress and is also gathering additional information to assess situation and potential recoverability. The Company will continue to evaluate alternatives attentively to maximise the recovery of the Group's interest in Fortress. Based on the information available at this stage, the Group has made full impairment provision of HK$759,934,000 against the Fortress interest held by the Group in the year ended 31 March 2015. Such non-cash impairment provision is not expected to affect the Group's core businesses which performed in line with management expectation.

Income Tax (Expense)/Credit

The Group's total income tax expense for the Reporting Period amounted to HK$79,477,000, as opposed to income tax credit of HK$31,160,000 in the previous reporting period. Such fluctuation was largely attributable to the de-recognition of deferred tax liability of HK$112,012,000 upon the write-off of the management service contract rights of hospital management business as recorded in the previous reporting period.

Loss Attributable to Equity Shareholders of the Company

During the Reporting Period, the Group recorded a loss attributable to equity shareholders of the Company of HK$805,860,000 as compared to a loss of HK$429,081,000 in the previous reporting period. Excluding non-cash impairment losses and the fair value losses recorded as a result of the fair value changes of financial liabilities and financial assets, adjusted profit attributable to equity shareholders of the Company was HK$29,885,000 for the year, representing a 65.4% decrease as compared to the previous year. Such fluctuation was largely attributable to the lesser contribution from medical devices segment and the increase in expenditures following the trial-run of Qinghe Hospital as discussed above.

Current Assets and Total Assets

As at 31 March 2015, the Group's total current assets and total assets were HK$4,552,024,000 and HK$10,154,386,000 (2014: HK$4,075,841,000 and HK$9,613,145,000), respectively.

Liquidity and Financial Resources

As at 31 March 2015, the Group's cash and bank deposits amounted to HK$4,045,558,000 (2014: HK$2,797,974,000), total interest-bearing debts stood at HK$2,791,452,000 (2014: HK$1,618,700,000).

Debt Ratio

On the basis of total interest-bearing debts divided by total equity, the Group's debt ratio was 60.2% as at 31 March 2015 (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

The Group employed 1,661 (2014: 1,680) full-time staff in Hong Kong and in Mainland China. During the Reporting Period, total staff costs (including directors' remuneration, Mandatory Provident Fund and equity settled share-based payment expenses) amounted to HK$264,749,000 (2014: HK$250,897,000).

Details of the Group's Pledged Assets and Loan Guarantees

As at 31 March 2015, the Group pledged certain assets as collaterals and provided guarantees for certain bank loans as follows:

(i) the bank loans of certain subsidiaries of HK$202,711,000 (2014: HK$201,385,000) were secured by interests in certain leasehold land and buildings with carrying amounts of HK$219,714,000 (2014: HK$231,284,000); and

(ii) the bank loan of the Company of HK$749,913,000 was guaranteed by five subsidiaries, namely China Bright Group Co. Limited, GM Hospital Group Limited, GM Hospital Investment Ventures Company Limited, GM Hospital Management Company Limited and Golden Meditech Stem Cells (BVI) Company Limited. Bank deposits of HK$16,487,000 were also deposited in interest reserve accounts in relation to the same banking facility.

Further details of pledged assets and loan guarantees are set out in note 27 to the financial statements.

Dividend

At the Company's extraordinary general meeting held on 3 June 2014, shareholders approved the special dividend of HK3 cents per ordinary share of the Company of par value of HK$0.20 each (the "Share") and were paid to eligible shareholders during the year ended 31 March 2015. 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 Company's circulars 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 Share for the year ended 31 March 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 final dividend are set out in the Company's circulars dated 21 July 2014 and 14 October 2014.

At the meeting of the board of directors of the Company held on 30 June 2015, the board of directors of the Company recommended the payment of a final dividend of HK1.3 cents per Share for the year ended 31 March 2015 (the "2015 Final Dividend"). Shareholders will be given an option to receive the 2015 Final Dividend in cash or an allotment of scrip shares in lieu of cash (the "Scrip Dividend Arrangement"). The Scrip Dividend Arrangement is subject to: (1) the approval of the proposed 2015 Final Dividend and Scrip Dividend Arrangement at the forthcoming annual general meeting; and (2) The Stock Exchange of Hong Kong Limited granting the listing of and permission to deal in the new shares to be allotted and issued under the Scrip Dividend Arrangement.

CORPORATE GOVERNANCE REPORT

The board (the "Board") of directors (the "Directors") of Golden Meditech Holdings Limited (the "Company" and together with its subsidiaries, collectively referred to as the "Group") is pleased to present this Corporate Governance Report for the year ended 31 March 2015.

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

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

THE CG CODE

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

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

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

The Company has applied the principles as set out in the CG Code and complied with all the Code Provisions throughout the year ended 31 March 2015, except for Code Provision A.2.1 of the CG Code. It has also put in place certain Recommended Best Practices. The Board periodically reviews the corporate governance practices of the Company to ensure that they meet the requirements of the CG Code.

The Board

Responsibilities

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

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

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

Board Composition

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

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

Executive Directors:

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

Non-Executive Directors:

Ms. ZHENG Ting
Mr. GAO Yue

Independent Non-Executive Directors:

Prof. CAO Gang	*(Chairman of audit committee ("Audit Committee"), member of remuneration committee ("Remuneration Committee") and nomination committee ("Nomination Committee"))*
Mr. FENG Wen	*(Chairman of Remuneration Committee and Nomination Committee and member of Audit Committee)*
Prof. GU Qiao	*(Member of Audit Committee, Remuneration Committee and Nomination Committee)*
Mr. Daniel FOA	

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

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

Throughout the year ended 31 March 2015, the Company met the requirement of the Listing Rules relating to the appointment of at least three Independent Non-Executive Directors with at least one in possession of appropriate professional qualifications or accounting or related financial management expertise.

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

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

Corporate Governance Functions

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

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

During the year ended 31 March 2015, the Board has reviewed the Company's corporate governance practices.

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

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

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

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

Appointment and Succession Planning of Directors

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

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

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

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

During the year, the Board considered the recommendations of the Nomination Committee in relation to the appointments of Mr. GAO Yue as Non-Executive Director and Mr. Daniel FOA as Independent Non-Executive Director.

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

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

In accordance with Article 108 of the Articles of Association, Mr. KONG Kam Yu, Mr. YU Kwok Kuen, Harry and Prof. GU Qiao shall retire by rotation at the forthcoming annual general meeting to be held on 31 July 2015 (the "2015 AGM"), being eligible, offer themselves for re-election.

In accordance with Article 112 of the Articles of Association, Mr. GAO Yue and Mr. Daniel FOA shall retire at the 2015 AGM and, being eligible, offer themselves for re-election.

The Board recommends the re-appointment of the aforesaid Directors, whose biographical details are contained in the circular to be sent to the shareholders before the 2015 AGM.

Mr. KAM Yuen entered into a service contract with the Company commencing on 1 April 2005 as an Executive Director and continuing thereafter until terminated by either party giving to the other not less than 90 days' notice in writing.

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

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

Mr. GAO Yue, a Non-Executive Director, entered into a service contract with the Company for a term of one year commencing on 14 November 2014 provided that at any time during the term of appointment, either party may terminate the appointment by giving to the other not less than 30 days' notice in writing.

Prof. CAO Gang, an Independent Non-Executive Director, entered into a service contract with the Company for a term of one year commencing on 24 September 2014 provided that at any time during the term of appointment, either party may terminate the appointment by giving to the other not less than 30 days' notice in writing.

Mr. FENG Wen, an Independent Non-Executive Director, entered into a service contract with the Company for a term of one year commencing on 25 September 2014 provided that at any time during the term of appointment, either party may terminate the appointment by giving to the other not less than 30 days' notice in writing.

Prof. GU Qiao, an Independent Non-Executive Director, entered into a service contract with the Company for a term of one year commencing on 25 September 2014 provided that at any time during the term of appointment, either party may terminate the appointment by giving to the other not less than 30 days' notice in writing.

Mr. Daniel FOA, an Independent Non-Executive Director, entered into a service contract with the Company for a term of one year commencing on 11 February 2015 provided that at any time during the term of appointment, either party may terminate the appointment by giving to the other not less than 30 days' prior notice in writing.

Directors' Training and Professional Development

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

During the year, the Company organised an in-house seminar conducted by Minter Ellison Lawyers on the following topic for the Directors to attend and the Directors were provided with training materials to develop and refresh their professional skills:

- Training on the revised Chapter 14A of the Listing Rules which has been taken effect from 1 July 2014.

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

Directors	Revised Chapter 14A of the Listing Rules
Executive Directors	
Mr. KAM Yuen *(Chairman)*	√
Mr. LU Tian Long (resigned on 11 February 2015)	√
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	√
Mr. GAO Zong Ze (resigned on 19 September 2014)	
Prof. GU Qiao	√
Mr. Daniel FOA (appointed on 11 February 2015)	√

Directors' and Officers' Liabilities Insurance

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

Chairman and Chief Executive

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

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

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

Board Meetings

Regular Board meetings are held at least 4 times a year at approximately quarterly intervals. During the year ended 31 March 2015, 22 Board meetings were held.

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

	Attendance/Number of Meetings					
Directors	**Board**	**Audit Committee**	**Remuneration Committee**	**Nomination Committee**	**Extraordinary General Meeting**	**Annual General Meeting**
Executive Directors:						
Mr. KAM Yuen *(Chairman)*	22/22	N/A	N/A	N/A	4/4	1/1
Mr. LU Tian Long (resigned on 11 February 2015)	22/22	N/A	N/A	N/A	4/4	1/1
Mr. KONG Kam Yu	22/22	N/A	N/A	N/A	4/4	1/1
Mr. YU Kwok Kuen, Harry	22/22	N/A	N/A	N/A	4/4	1/1
Non-Executive Directors:						
Ms. ZHENG Ting	22/22	N/A	N/A	N/A	4/4	1/1
Mr. GAO Yue (appointed on 14 November 2014)	4/4	N/A	N/A	N/A	N/A	0/0
Independent Non-Executive Directors:						
Prof. CAO Gang	22/22	2/2	4/4	3/3	4/4	1/1
Mr. FENG Wen	22/22	2/2	4/4	3/3	4/4	1/1
Mr. GAO Zong Ze (resigned on 19 September 2014)	13/13	N/A	N/A	N/A	2/2	1/1
Prof. GU Qiao	22/22	2/2	4/4	3/3	4/4	1/1
Mr. Daniel FOA (appointed on 11 February 2015)	0/0	N/A	N/A	N/A	N/A	0/0

Conduct of Meetings

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

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

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

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

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

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

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

Audit Committee

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

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

The Audit Committee's primary duties include the followings:

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

The Audit Committee held 2 meetings during the year. Through working closely with the management of the Company, the Audit Committee has reviewed the Company's annual and interim results, the accounting principles and practices adopted by the Group; discussed with the Board and management on internal controls, risk management and financial reporting matters, and reviewed the independence and performance of the external auditors. The Company's annual results for the year ended 31 March 2015 have been reviewed by the Audit Committee.

Executive Committee

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

Remuneration Committee

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

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

The principal responsibilities of the Remuneration Committee include the followings:

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

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

Meetings of the Remuneration Committee are held at least once a year and additional meetings may be held as required. During the year, the Remuneration Committee held 4 meetings and has assessed the performance of each of the Executive Directors and certain senior management staff of the Company and made decisions regarding the payment of discretionary bonus and reviewed the remuneration and compensation packages for certain Independent Non-Executive Directors.

The remuneration of the senior management (comprising Executive Directors) of the Company for the year ended 31 March 2015 by band is set out below:

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

Further details of the Executive Directors' remuneration for the year ended 31 March 2015 are disclosed in note 9 to the financial statements contained in this annual report.

Nomination Committee

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

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

The principal responsibilities of the Nomination Committee include the followings:

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

Meetings of the Nomination Committee are held at least once a year and additional meetings may be held as required. During the year, the Nomination Committee held 3 meetings and has made recommendations to the Board regarding the re-appointment of Directors and appointments of new Directors.

Internal Controls

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

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

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

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

Directors' Securities Transactions

The Company has adopted the model code for securities transactions by directors of listed issuers as set out in Appendix 10 to the Listing Rules ("the Model Code") as its own code of conduct regarding Directors' securities transactions. Specific enquiries by the Company indicate that all Directors have complied with the required standard of dealings for the year ended 31 March 2015.

Company Secretary

The Company Secretary is a full time employee of the Company and has day-to-day knowledge of the Company's affairs. The Company Secretary reports to the Chairman and is responsible for advising the Board on governance matters. The Company Secretary has confirmed that he has taken no less than 15 hours of relevant professional training during the year ended 31 March 2015. The biography of the Company Secretary is set out on page 34 of this annual report.

Accountability and Audit

The Board is responsible for presenting a balanced, clear and understandable assessment of the Group's financial position and prospects. In preparing the financial statements for the year ended 31 March 2015, the Directors have selected suitable accounting policies and applied them consistently. The Directors have also made judgements and estimates that are prudent and reasonable and have prepared the financial statements on a going concern basis. There are no material uncertainties or events that may cast significant doubt on the Company's ability to continue as a going concern.

KPMG, the external auditors of the Company, acknowledge their responsibilities for the audit of the consolidated financial statements of the Company for the year ended 31 March 2015 in the Independent Auditor's Report included in this annual report.

For the year ended 31 March 2015, the fees payable to the external auditors for audit services were HK$14,463,000 and the fees paid for other services were HK$1,658,000.

Constitutional Documents

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

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

Shareholders' Rights

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

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

Putting enquiries to the Board

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

Investor Relations

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

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

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

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

BIOGRAPHICAL DETAILS OF DIRECTORS AND SENIOR MANAGEMENT

DIRECTORS

Executive Directors

Mr. KAM Yuen (甘源), aged 53, is the Chairman, Chief Executive and Compliance Officer of the Company, and the founder of the Group. Mr. Kam is a director of several subsidiaries of the Company, he is also the chairman of China Cord Blood Corporation ("CCBC"), and the non-executive director of Life Corporation Limited, formerly known as Cordlife Limited, a company listed on the Australian Securities Exchange. He is responsible for the Group's overall strategic planning. Mr. Kam graduated from the Beijing Second Foreign Languages Institute, the People's Republic of China (the "PRC") (北京第二外國語學院) in 1985 and has over 20 years of management experience in international business. Mr. Kam is the sole director of Bio Garden Inc., which has an interest in the share capital of the Company as disclosed under the provisions of Part XV of the Securities and Futures Ordinance.

Mr. KONG Kam Yu (江金裕), aged 46, has been an Executive Director of the Company since September 2012. He is also the Qualified Accountant and Company Secretary of the Company and a director of several subsidiaries of the Company. Mr. Kong is also a non-executive chairman of Life Corporation Limited. He joined the Group in 2001, and is responsible for the Group's finances, corporate projects and company secretarial matters. Mr. Kong is a member of The Hong Kong Institute of Certified Public Accountants and The Institute of Chartered Accountants in England and Wales. Prior to joining the Group, Mr. Kong worked with a leading international accounting firm.

Mr. YU Kwok Kuen, Harry (余國權), aged 46, has been an Executive Director of the Company since September 2012. He is also the Chief Operating Officer of the Company. He joined the Group in August 2011. Mr. Yu has a master's degree in Business Administration from Manchester Business School and is a Registered Accountant in Macau Special Administrative Region, and Fellows of The Institute of Chartered Accountants in England and Wales, the Hong Kong Institute of Certified Public Accountants and the Chartered Association of Certified Accountants. Prior to joining the Group, Mr. Yu was a partner at a leading international accounting firm.

Non-Executive Directors

Ms. ZHENG Ting (鄭汀), aged 43, is a Non-Executive Director of the Company and a director of several subsidiaries of the Company. She is an advisor on healthcare services segment of the Group. Ms. Zheng is also the chief executive officer of CCBC and is responsible for the strategic management of that segment. Ms. Zheng joined the Group in September 2001. Ms. Zheng graduated from Renmin University of China (中國人民大學) in 1996 where she subsequently received an EMBA degree.

Mr. GAO Yue (高悦), aged 42, is a Non-Executive Director of the Company. Mr. Gao graduated from the Law School of Renmin University in 1996 and was admitted to the Chinese bar in 1998. Thereafter, Mr. Gao worked as an attorney-at-law and a partner in Beijing Xinli Law Firm and Beijing Fu Sheng Law Firm respectively. Mr. Gao joined the Group in November 2014. From August 2004 to April 2012, he practised law as a partner in King & Wood PRC Lawyers. Prior to joining the Group, Mr. Gao worked as a partner of Commerce and Finance Law Offices.

Independent Non-Executive Directors

Prof. CAO Gang (曹岡), aged 71, is an Independent Non-Executive Director, the chairman of the Audit Committee and a member of the Remuneration Committee and the Nomination Committee. He joined the Group in September 2004. Prof. Cao is a professor of Accountancy. He qualified as one of the first group of registered accountants in the PRC in 1983 and is currently a senior member of the Association of the Registered Accountants of the PRC.

Mr. FENG Wen (馮文), aged 47, is an Independent Non-Executive Director, the chairman of the Remuneration Committee and the Nomination Committee and a member of the Audit Committee. He joined the Group in September 2012. Mr. Feng is currently the chairman of the board of Zhong He Hou De Investment Management Co., Ltd* (中和厚德投資管理有限公司), previously the secretary to the board of directors of China Investment Development Co., Ltd. (中投發展有限責任公司) and an independent director of Beijing Boer Communication Technology Co., Ltd. (北京玻爾通信技術股份有限公司). Mr. Feng had worked for the General Office of the Ministry of Health of the PRC and a number of military hospitals for over 20 years. Mr. Feng graduated from the Medical Department of the Third Military Medical University in 1992 and obtained a master's degree from the School of Public Administration, Renmin University of China (中國人民大學) in 2006.

Prof. GU Qiao (顧樵), aged 68, is an Independent Non-Executive Director, a member of the Audit Committee, the Remuneration Committee and the Nomination Committee. He joined the Group in September 2001. Prof. Gu is a scientist in quantum-optics, biophysics and biological photonics and an Associate Professor of the Northwest University, the PRC (中國西北大學). Prof. Gu is also a member of the International Institute of Biophysics, Germany. Prof. Gu received his doctoral degree from the Northwest University, the PRC (中國西北大學), in 1989.

Mr. Daniel FOA, aged 38, is an Independent Non-Executive Director. Mr. Foa graduated in Economics from University of Portsmouth in 1997. He joined the Group in February 2015. Mr. Foa is the co-founder of Fairklima Capital and has over 15 years of experience in the China market with expertise in the fields of technology, sustainability and business consulting. Before founding Fairklima Capital, Mr. Foa held managerial positions in major multinational firms. He is also the co-founder of 51Give, an online donations platform.

SENIOR MANAGEMENT

Mr. HUANG Fan (黃帆), aged 41, is chief executive officer of the medical devices operation. He joined the Group in 2004 and has been responsible for the research and development, production, sales and management of the business. Mr. Huang has been engaged in the securities industry for many years and has extensive experience in business management. Prior to joining the Group, he has participated in the preliminary preparatory works of state-owned comprehensive securities company. Mr. Huang graduated from the Beijing Institute of Technology (北京理工大學管理學院), majoring in management.

* English name is for identification purpose only.

Mr. GAO Guang Pu (高光譜), aged 52, Deputy General Manager of the medical devices operation. He joined the Group in October 1997, and is responsible for the production, operations and overall management of the medical devices operation. Mr. Gao is also responsible for various aspects of the production technology, including product standards, production procedures and technological improvements of the medical devices operation. Mr. Gao graduated from the English Language Department of Bejing Second Foreign Language Institute (北京第二外國語學院).

Mr. CHEN Bing Chuen, Albert (陳炳泉), aged 39, serves as the chief financial officer and the executive director of CCBC. He is in charge of CCBC's finance-related matters, including accounting and budget planning. He joined the Group in 2005. Mr. Chen is also involved in CCBC's corporate structuring and development, including mergers and acquisitions, and investment in foreign healthcare companies. Prior to joining the Group, Mr. Chen worked in a number of financial institutions, including SalomonSmithBarney, DBS Vickers Securities and UOB Kay Hian in Hong Kong. During his employment as an analyst in UOB Kay Hian from 2003 to March 2005, he was a senior analyst specialising in the pharmaceutical and healthcare industries and was ranked as one of the best analysts for small cap companies in the region in a poll conducted by Asia Money among brokers in 2003. Mr. Chen is a CFA charterholder. He received his bachelor's degree in commerce from Queen's University, Canada, School of Business in 1999 with a major in finance and accounting.

Mr. ZHANG Jin Feng (張錦鋒), aged 51, is the chief executive officer of the hospital management operation and is responsible for its daily operation and management. He joined the Group in July 2010. Mr. Zhang graduated from Shanghai Jiao Tong University (上海交通大學) with degree in clinical medicines and has over 20 years of relevant experiences working as a doctor in a Triple-A hospital and in business management. He used to serve as director of Shanghai Center for Clinical Laboratory and deputy general manager of a domestically-listed high-tech firm.

Mr. SHAO Bao Ping (邵寶平), aged 49, chief executive officer of the Chinese herbal medicines operation, is in charge of the Chinese herbal medicines operation's daily operations. He joined the Group in August 2005. Mr. Shao obtained his master's degree from the Shanghai Institute of Materia Medica, Chinese Academy of Sciences (中國科學院上海藥物研究所) and has extensive work experience in the fields of pharmacology and herbal medicine. Mr. Shao has held key position in well-known enterprises in the PRC and has extensive corporate management experience.

Mr. DING Wei Zhong (丁偉中), aged 66, is the chief executive officer of GM-Medicare Management (China) Company Limited. He joined the Group in April 2010, and has specialised in the medical and medical insurance management industry since 1998. Prior to relocating to the United States, Mr. Ding has held senior positions at the Aviation Industry Office of the Shanghai Municipal Government and China Airlines Group, in addition to serving as the chief operating officer of the United Nations Institute for Training and Research (UNITAR) – CIFAL Network. Mr. Ding has a Bachelor's degree from Zhengzhou Institute of Aeronautical College (鄭州航空學院) and a Bachelor's degree in Economics from Fudan University, Shanghai (上海復旦大學).

Mr. JING Jian Zhong (經建中), aged 61, is the Vice President of the Group, the chief executive officer of Golden Meditech (Shanghai) Company Limited and the Chief Representative of the Group's Office in Shanghai and is responsible for the overall operation of the Group. He joined the Group in May 2008. He graduated from the Shanghai University of Chinese Medicines and has 15 years of investment and business development experiences in healthcare industry in addition to 20 years of clinical practices and teaching.

REPORT OF THE DIRECTORS

The directors (the "Directors") of Golden Meditech Holdings Limited (the "Company" and together with its subsidiaries, collectively referred to as the "Group") submitted herewith their annual report together with the audited financial statements of the Group for the year ended 31 March 2015.

PRINCIPAL PLACE OF BUSINESS

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

PRINCIPAL ACTIVITIES

The principal activity of the Company is investment holding. The principal activities and other particulars of the subsidiaries are set out in note 17 to the financial statements.

An analysis of the Group's revenue, (loss)/profit, assets and liabilities by operating segments is set out in note 4(b) to the financial statements.

MAJOR CUSTOMERS AND SUPPLIERS

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

	Percentage of the Group's total	
	Sales	**Purchases**
The largest customer	9%	
Five largest customers in aggregate	13%	
The largest supplier		8%
Five largest suppliers in aggregate		22%

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

FINANCIAL STATEMENTS

The results and cash flow of the Group for the year ended 31 March 2015 and the state of the Company's and the Group's affairs as at that date are set out in the financial statements on pages 56 to 65 of this annual report.

RESERVES AND DIVIDENDS

Loss attributable to equity shareholders of the Company of HK$805,860,000 (2014: loss of HK$429,081,000) has been transferred to reserves. Other movements in reserves of the Group during the year are set out in the consolidated statement of changes in equity on pages 62 to 63 of this annual report.

As at 31 March 2015, the Company's reserves available for distribution amounted to HK$3,078,419,000 (2014: HK$3,047,899,000).

Details of dividends paid during the year are set out in note 32(d) to the financial statements.

FINAL DIVIDEND

The Board recommended the payment of a final dividend of HK1.3 cents per ordinary share of HK$0.20 each in the share capital of the Company (the "Share") in respect of the year ended 31 March 2015 (the "2015 Final Dividend") (2014: HK2.6 cents per Share).

Shareholders will be given an option to receive the 2015 Final Dividend in cash or an allotment of scrip shares in lieu of cash (the "Scrip Dividend Arrangement"). The Scrip Dividend Arrangement is subject to: (1) the approval of proposed 2015 Final Dividend and Scrip Dividend Arrangement at the forthcoming annual general meeting to be held on 31 July 2015 (the "2015 AGM"); and (2) The Stock Exchange of Hong Kong Limited (the "Stock Exchange") granting the listing of and permission to deal in the new Shares to be allotted and issued under the Scrip Dividend Arrangement. Full details of the Scrip Dividend Arrangement will be set out in a circular to be dispatched to the shareholders. Subject to the approval of shareholders at the 2015 AGM, the 2015 Final Dividend will be paid on or about 17 November 2015, to shareholders whose names appear on the register of members of the Company on 10 August 2015.

CHARITABLE DONATIONS

The Group did not make any charitable donations during the year (2014: $nil).

FIXED ASSETS

Details of the movements in fixed assets during the year are set out in note 14 to the financial statements.

SHARE CAPITAL

Details of the movements in the share capital of the Company during the year are set out in note 32(b) to the financial statements.

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

Details of the convertible notes issued by the Company during the year are set out in the section headed "Other transaction" and note 30(a)(i) to the financial statements.

Save as disclosed above, during the year ended 31 March 2015, neither the Company nor any of its subsidiaries purchased, redeemed or sold any of the Company's listed and unlisted securities.

PRE-EMPTIVE RIGHTS

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

DIRECTORS

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

Executive Directors

Mr. KAM Yuen *(Chairman)*
Mr. LU Tian Long (resigned on 11 February 2015)
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
Mr. GAO Zong Ze (resigned on 19 September 2014)
Prof. GU Qiao
Mr. Daniel FOA (appointed on 11 February 2015)

During the year, the Board considered the recommendations of the Nomination Committee in relation to the appointments of Mr. GAO Yue as Non-Executive Director and Mr. Daniel FOA as Independent Non-Executive Director.

In accordance with Article 108 of the Articles of Association, Mr. KONG Kam Yu, Mr. YU Kwok Kuen, Harry and Prof. GU Qiao shall retire by rotation at the 2015 AGM, and being eligible, offer themselves for re-election.

In accordance with Article 112 of the Articles of Association, Mr. GAO Yue and Mr. Daniel FOA shall retire at the 2015 AGM and, being eligible, offer themselves for re-election.

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

DIRECTORS' SERVICE CONTRACTS

Executive Directors

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

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

Non-Executive Directors

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

Mr. GAO Yue entered into a service contract as a Non-Executive Director with the Company for a term of one year commencing on 14 November 2014 provided that at any time during the term of appointment, either party may terminate the appointment by giving to the other not less than 30 days' notice in writing.

Independent Non-Executive Directors

Prof. CAO Gang, an Independent Non-Executive Director, entered into a service contract with the Company for a term of one year commencing on 24 September 2014 provided that at any time during the term of appointment, either party may terminate the appointment by giving to the other not less than 30 days' notice in writing.

Mr. FENG Wen, an Independent Non-Executive Director, entered into a service contract with the Company for a term of one year commencing on 25 September 2014 provided that at any time during the term of appointment, either party may terminate the appointment by giving to the other not less than 30 days' notice in writing.

Prof. GU Qiao, an Independent Non-Executive Director, entered into a service contract with the Company for a term of one year commencing on 25 September 2014 provided that at any time during the term of appointment, either party may terminate the appointment by giving to the other not less than 30 days' notice in writing.

Mr. Daniel FOA, an Independent Non-executive Director, entered into a service contract with the Company for a term of one year commencing on 11 February 2015 provided that at any time during the term of appointment, either party may terminate the appointment by giving to the other not less than 30 days' prior notice in writing.

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

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

As at 31 March 2015, the interests and short positions of the Directors and chief executives of the Company in the Shares and, in respect of equity derivatives, underlying Shares in, and debentures of, the Company or any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance ("SFO")) which were notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they are taken or deemed to have under such provisions of the SFO), or which were required, pursuant to section 352 of the SFO, to be entered in the register referred to therein, or, which were required, pursuant to the model code (the "Model Code") for securities transactions by directors of listed issuers as set out 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

		Long positions Number of Shares			
Name of Directors	**Capacity and nature of interests**	**Number of Shares**	**Number of underlying Shares held under equity derivatives**	**Total interests**	**Approximate percentage of the Company's issued share capital**
Mr. KAM Yuen	Founder of trusts	370,650,000(1)	62,050,000(1)	432,700,000	24.07%
	Beneficial owner	—	2,190,278(2)	2,190,278	0.12%
Mr. KONG Kam Yu	Beneficial owner	7,440,238	3,861,805(2)	11,302,043	0.63%
Ms. ZHENG Ting	Beneficial owner	—	3,227,777(2)	3,227,777	0.18%

Notes:

(1) Mr. KAM Yuen was deemed under the SFO to have an interest in 370,650,000 Shares and 62,050,000 underlying Shares which Bio Garden Inc. ("Bio Garden") was interested in as at 31 March 2015 (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 bonus warrants of the Company issued to eligible shareholders on the basis of two warrants for every eleven Shares (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 adjustments).

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

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

(continued)

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

		Number of ordinary shares of US$0.0001 each		
Name of Directors	**Capacity and nature of interests**	**Number of ordinary shares of US$0.0001 each**	**Total interests**	**Approximate percentage of the issued and outstanding share capital of CCBC**
Mr. KAM Yuen	Beneficial owner	357,331	357,331	0.49%
	Interest of controlled corporation	8,809,020[1]	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 (the "Agreement"), Magnum Opus International Holdings Limited ("Magnum") and Cordlife Group Limited ("CGL") each acquired 50% of the outstanding principal amount of US$50,000,000 of the 7% senior convertible notes issued by CCBC in October 2012 (the "Disposed CCBC Convertible Notes"). Upon full conversion of the Disposed CCBC Convertible Notes at the conversion price of US$2.838 per ordinary share, 8,809,020 CCBC ordinary shares will be issued to Magnum. Magnum is controlled by Mr. KAM Yuen.

Save as disclosed above, as at 31 March 2015, 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 are taken or deemed to have under such provisions of the SFO) or which were required, pursuant to section 352 of the SFO, to be entered in the register referred to therein, or, were required, pursuant to the Model Code, to be notified to the Company and the Stock Exchange.

SHARE OPTION SCHEMES

Share option schemes of the Company

The principal terms of the share option schemes of the Company are summarised in note 34(a) to the financial statements. The share option schemes have been terminated and no further share options will be granted under the schemes. In respect of the share options previously granted and which remained exercisable on or before the dates of termination, they shall continue to be exercisable subject to the terms of the share option schemes.

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

Name of Directors and employees	Date of grant	Number of underlying Shares in respect of which share options were outstanding as at 1 April 2014[4]	Adjustment for the share consolidation[4]	Numbers of underlying Shares in respect of which share options were exercised during the year ended 31 March 2015	Numbers of underlying Shares in respect of which share options were lapsed during the year ended 31 March 2015	Transfer within categories during the year[5]	Number of underlying Shares in respect of which share options were outstanding as at 31 March 2015	Adjusted Exercise price[4] HK$
Mr. KAM Yuen	30 March 2005[1]	72,862,754	(36,431,377)	—	(36,431,377)	—	—	3.054
	27 April 2009[3]	4,380,555	(2,190,277)	—	—	—	2,190,278	1.996
Mr. LU Tian Long	4 March 2005[2]	461,111	(230,555)	—	(230,556)	—	—	2.776
	27 April 2009[3]	6,455,555	(3,227,778)	—	—	(3,227,777)	—	1.996
Mr. KONG Kam Yu	4 March 2005[2]	2,305,556	(1,152,778)	—	(1,152,778)	—	—	2.776
	27 April 2009[3]	7,723,611	(3,861,806)	—	—	—	3,861,805	1.996
Ms. ZHENG Ting	4 March 2005[2]	2,305,556	(1,152,778)	—	(1,152,778)	—	—	2.776
	27 April 2009[3]	6,455,555	(3,227,778)	—	—	—	3,227,777	1.996
Full-time employees	4 March 2005[2]	11,377,915	(5,688,958)	—	(5,688,957)	—	—	2.776
(other than Directors)	27 April 2009[3]	27,243,599	(13,621,799)	—	—	3,227,777	16,849,577	1.996
		141,571,767	(70,785,884)	—	(44,656,446)	—	26,129,437	

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

SHARE OPTION SCHEMES (continued)

Share option schemes of the Company (continued)

Notes:

(1) The share options are exercisable as to the followings:

(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 were expired 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 were expired at the close of business on 28 February 2015.

(3) The share options are exercisable as to the followings:

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

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

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

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

(4) The exercise price of the outstanding share options and the number of shares that can be subscribed for upon exercise of the outstanding share options had been adjusted after completion of the open offer on 2 January 2014 and the two to one share consolidation on 4 June 2014.

(5) Mr. LU Tian Long resigned as an Executive Director of the Company and appointed as a consultant of the Company on 11 February 2015. The options granted to Mr. Lu remain exercisable pursuant to the share option scheme. Those options were re-classified to the category of "Full-time employees" during the year.

(6) Save as disclosed above, no share options granted under the share option schemes of the Company were exercised, cancelled or lapsed during the year ended 31 March 2015.

DIRECTORS' RIGHTS TO ACQUIRE SHARES OR DEBENTURES

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

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

As at 31 March 2015, the interests and short positions of the shareholders (not being Directors or chief executives of the Company) in the shares and underlying shares of the Company which were notified to the Company and the Stock Exchange pursuant to Divisions 2 and 3 of Part XV of the SFO and required to be entered in the register maintained by the Company pursuant to section 336 of the SFO were as follows:

(a) Long positions of substantial shareholders

Name	Capacity and nature of interests	Number of issued Shares/ underlying Shares	Approximate percentage of the Company's issued share capital
Bio Garden(1)	Beneficial owner	432,700,000(4)	24.07%
Magic Master Holdings Limited ("Magic Master")(2)	Interest of controlled corporation	432,700,000(4)	24.07%
Magic Glory Holdings Limited ("Magic Glory")(2)	Interest of controlled corporation	432,700,000(4)	24.07%
Credit Suisse Trust Limited(2)	Trustee	432,700,000(4)	24.07%
Fiducia Suisse SA (Formerly known as "KF Suisse SA")(3)	Trustee	432,700,000(4)	24.07%
Mr. David Henry Christopher Hill(3)	Interest of controlled corporation	432,700,000(4)	24.07%
Mrs. Rebecca Ann Hill(3)	Interest of children under 18 or spouse	432,700,000(4)	24.07%
New Horizon Capital Partners III Limited ("New Horizon")(5)	Interest of controlled corporation	364,385,155	20.27%
New Horizon Capital III, L.P.(5)	Interest of controlled corporation	364,385,155	20.27%
Hope Sky Investments Limited ("Hope Sky")(5)	Beneficial owner	247,600,757	13.77%

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 held more than 5% interest	Capacity and nature of interests	Number of issued shares/ underlying shares	Approximate percentage of the Company's issued share capital
Top Strength Holdings Limited ("Top Strength") (5)	Interest of controlled corporation	116,784,398	6.50%
Central Huijin Investment Ltd. (6)	Interest of controlled corporation	110,714,285	6.16%
China Construction Bank Corporation(6)	Interest of controlled corporation	110,714,285	6.16%
CCB International Group Holdings Limited(6)	Interest of controlled corporation	110,714,285	6.16%
CCB Financial Holdings Limited(6)	Interest of controlled corporation	110,714,285	6.16%
CCB International (Holdings) Limited(6)	Interest of controlled corporation	110,714,285	6.16%
CCBI Investments Limited(6)	Interest of controlled corporation	110,714,285	6.16%
GEM Power International Limited(6)	Beneficial owner	110,714,285	6.16%
Mr. Kent C. McCarthy ("Mr. McCarthy") (7)	Interest of controlled corporation	99,471,445	5.53%

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:

(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 Yuen ("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 432,700,000 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 represent the same block of Shares of the Company.

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

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.

(6) The corporate substantial shareholder notice filed by China Construction Bank Corporation and Central Huijin Investment Ltd. indicated that China Construction Bank Corporation held its interests in the underlying Shares under equity derivative interests through its wholly-owned entities included CCB International Group Holdings Limited, CCB Financial Holdings Limited, CCB International (Holdings) Limited, CCBI Investments Limited and GEM Power International Limited. Central Huijin Investment Ltd. is a controller of China Construction Bank Corporation.

(7) The individual substantial shareholder notice filed by Mr. McCarthy indicated that Mr. McCarthy held his interests in the Shares of the Company (including underlying Shares under equity derivative interests) through his 100% controlled corporations which include Jayhawk Private Equity Fund II, L.P. and Jayhawk China Fund (Cayman) Ltd., As such, Mr. McCarthy was deemed to be interested in an aggregate of 99,471,445 Shares under the SFO.

Out of the 99,471,445 Shares held by Mr. McCarthy, 19,024,529 Shares represent the underlying Shares related to the interest in the Warrants carrying subscription rights to subscribe for a total of 19,024,529 new Shares upon the terms as set out in (1) above.

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

Save as disclosed above, as at 31 March 2015, the Directors are not aware of any other person or corporation having an interest or short position in the Shares or underlying Shares of the Company representing 5% or more of the issued share capital of the Company.

SUFFICIENCY OF PUBLIC FLOAT

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

DIRECTORS' INTERESTS IN CONTRACTS

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

INTEREST-BEARING AND OTHER BORROWINGS

Particulars of interest-bearing and other borrowings of the Group and the Company as at 31 March 2015 are set out in notes 26, 27, 28 and 30 to the financial statements.

RETIREMENT SCHEMES

Details of the Group's retirement schemes are set out in note 37 to the financial statements.

FIVE-YEAR FINANCIAL SUMMARY

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

CORPORATE GOVERNANCE

A report on the principal corporate governance practices adopted by the Company is set out on pages 19 to 33 of this annual report.

COMPETITION AND CONFLICT OF INTERESTS

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

CONNECTED TRANSACTIONS

(1) Acquisition of 30% 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") (the "Acquisition")*

On 18 July 2014, GM Hospital Management (China) Company Limited* (金衛醫院管理(中國)有限公司), an indirect non wholly-owned subsidiary of the Company (the "Purchaser"), entered into the shareholding transfer agreement with Beijing Xin Yong Zheng Property Investment Limited* (北京新永正置業投資有限公司) (the "Vendor") to acquire 30% additional equity interest in Beijing Guohua Jiedi, a subsidiary of the Company, at a cash consideration of approximately HK$153,776,000. As the Vendor held 30% equity interest in Beijing Guohua Jiedi, the Vendor was therefore a connected person of the Company at subsidiary level, as such, the Acquisition constituted a connected transaction of the Company under Chapter 14A of the Listing Rules.

The Acquisition was completed on 18 July 2014. Further details of the Acquisition are set out in the Company's announcements dated 18 July 2014 and 25 July 2014.

(2) Disposal of the convertible note issued by CCBC (the "Disposal")

Pursuant to the Agreement on 25 August 2014, Magnum and CGL each agreed to acquire 50% of the Disposed CCBC Convertible Notes at an aggregate purchase price of US$88,090,000 (equivalent to approximately HK$687,102,000). At transaction date, Magnum was controlled by Mr. KAM Yuen, being the Chairman of the Company and CCBC, and CGL held 10% equity interest in CCBC. Both Magnum and CGL were connected persons of the Company and the Disposal thus constituted a connected transaction of the Company under Chapter 14A of the Listing Rules. The allotment and issue of new ordinary shares of CCBC to Magnum and CGL upon conversion of such convertible notes will also constitute a deemed disposal of the Company's shareholding in CCBC.

The resolution for the Disposal was passed at the extraordinary general meeting of the Company held on 9 October 2014 and the Disposal was completed on 10 November 2014. Further details of the Disposal are set out in the Company's circular dated 16 September 2014.

(3) The restricted share unit ("RSU") scheme of CCBC

On 5 September 2014, the CCBC compensation committee passed a resolution approving the grant of RSU under the RSU Scheme of CCBC. This scheme allows the board of directors of CCBC to grant to eligible senior management or executive officers of CCBC and its subsidiaries (the "Participants") certain numbers of RSU, and each RSU represents one CCBC ordinary share. Certain Participants were directors of CCBC or its subsidiaries ("Relevant CCBC Executives") and were therefore connected persons of the Company. The grant of RSU to Relevant CCBC Executives thus constituted a connected transaction of the Company under Chapter 14A of the Listing Rules. The allotment and issue of new ordinary shares of CCBC to the Participants will also constitute a deemed disposal of the Company's shareholding in CCBC.

The resolution for the transaction was passed at the extraordinary general meeting of the Company held on 21 October 2014. Further details of the RSU scheme of CCBC are set out in the Company's announcements dated 5 September 2014 and 12 September 2014 and the Company's circular dated 29 September 2014.

* English names are for identification purpose only.

RELATED PARTY TRANSACTIONS

Details of the related party transactions undertaken by the Group during the year ended 31 March 2015 are set out in note 38 to the financial statements. The Company has complied with the applicable requirements under the Listing Rules for those related party transactions which constituted non-exempt connected transactions/ continuing connected transactions under the Listing Rules. Other related party transactions either did not constitute connected transactions/continuing connected transactions or constituted connected transactions/ continuing connected transactions but were exempted from all disclosure and independent shareholders' approval requirements under the Listing Rules.

CHANGE IN INFROMATION OF DIRECTORS AND CHIEF EXECUTIVES

There is no change in the information of the Directors and chief executives since the publication of the interim report of the Company for the six months ended 30 September 2014 required to be disclosed pursuant to Rule 13.51B(1) of the Listing Rules.

CONFIRMATION OF INDEPENDENCE

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

OTHER TRANSACTION

Issue of convertible notes by the Company

On 22 October 2014, the Company, as issuer, entered into a convertible notes subscription agreement with Gem Power International Limited ("Gem Power"), an indirect wholly-owned subsidiary of CCB International (Holdings) Limited pursuant to which the Company agreed to issue and Gem Power agreed to subscribe for the 5% redeemable convertible notes due 2017 of an aggregate principal amount of US$20,000,000 (equivalent to approximately HK$156,000,000), convertible into Shares to be issued by the Company at the initial conversion price of HK$1.40 per Share (subject to adjustments).

Proceeds are to be used as the Group's general working capital. Further details of the convertible notes are set out in note 30(a)(i) to the financial statements.

EVENTS AFTER THE REPORTING PERIOD

(i) On 27 April 2015, the Company submitted a non-binding proposal letter to the board of directors of CCBC to acquire all the ordinary shares of CCBC which are not already owned by the Company at an offer price of US$6.40 in cash per CCBC ordinary share (the "Proposed Privatisation"). The Company also intends to acquire all the 7% senior convertible notes of CCBC pursuant to the terms and conditions of such convertible notes. Further details of the Proposed Privatisation are set out in the Company's announcement dated 29 April 2015. The Company will publish supplemental announcement to inform shareholders any update regarding the Proposed Privatisation.

(ii) On 29 April 2015, the Company announced a possible open offer on the basis of one offer share of the Company (the "Offer Share(s)") for every two existing ordinary shares in the share capital of the Company at the subscription price of $1.40 per Offer Share (the "Possible Open Offer"); and entered into a legally binding term sheet with Bio Garden, under which Bio Garden agreed to act as the sole underwriter for the Possible Open Offer. On 29 May 2015, the Company entered into a supplemental agreement with Bio Garden to extend the entry into a legally binding agreement in relation to the Possible Open Offer to a date not later than 15 July 2015. Further details of the Possible Open Offer are set out in the Company's announcements dated 29 April 2015 and 29 May 2015. The Company will publish supplemental announcement to inform shareholders any update regarding the Possible Open Offer.

(iii) On 4 May 2015, the Company has entered into a conditional agreement with KKR China Healthcare Investment Limited ("KKR") to acquire the 7% senior convertible notes issued by CCBC due April 2017 in an aggregate outstanding principal amount of US$65,000,000 (equivalent to approximately HK$507,000,000) from KKR for a cash consideration not less than approximately US$159,882,000 (equivalent to approximately HK$1,247,080,000) (the "KKR CN Acquisition").

(iv) On 8 May 2015, the Company has entered into a conditional agreement with Magnum to acquire the 7% senior convertible notes issued by CCBC due October 2017 in an aggregate outstanding principal amount of US$25,000,000 (equivalent to approximately HK$195,000,000) from Magnum for a cash consideration not less than approximately US$61,478,000 (equivalent to approximately HK$479,528,000) (the "Magnum CN Acquisition"). As Magnum is wholly-owned by Mr. KAM Yuen, an executive Director and Chairman of the Company and a director and chairman of CCBC, Magnum is an associate of Mr. KAM Yuen and, therefore, is a connected person of the Company. The transactions, therefore, constituted a connected transaction of the Company under Chapter 14A of the Listing Rules.

(v) On 8 May 2015, the Company has entered into a conditional agreement with CGL to acquire the 7% senior convertible notes issued by CCBC due October 2017 in an aggregate outstanding principal amount of US$25,000,000 (equivalent to approximately $195,000,000) from CGL for a cash consideration not less than approximately US$61,478,000 (equivalent to approximately HK$479,528,000) ("CGL CN Acquisition"). Meanwhile, the Company has also entered into an agreement with CGL to acquire 7,314,015 CCBC ordinary shares held by CGL for a cash consideration not less than approximately US$46,810,000 (equivalent to approximately HK$365,118,000) (the "CGL Share Acquisition").

EVENTS AFTER THE REPORTING PERIOD (continued)

The KKR CN Acquisition, Magnum CN Acquisition, CGL CN Acquisition and the CGL Share Acquisition will be subject to, inter alia, shareholders' approval at the extraordinary general meeting to be held by the Company.

Further details of the KKR CN Acquisition, Magnum CN Acquisition, CGL CN Acquisition and CGL Share Acquisition are set out in the Company's announcements dated 4 May 2015 and 8 May 2015 respectively.

AUDITORS

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

By order of the board of Directors

KAM Yuen
Chairman

Hong Kong, 30 June 2015

INDEPENDENT AUDITOR'S REPORT

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

(Incorporated in the Cayman Islands with limited liability)

We have audited the consolidated financial statements of Golden Meditech Holdings Limited (the "Company") and its subsidiaries (together as the "Group") set out on pages 56 to 172, which comprise the consolidated and company statements of financial position as at 31 March 2015, the consolidated income statement, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated cash flow statement for the year then ended and a summary of significant accounting policies and other explanatory information.

DIRECTORS' RESPONSIBILITY FOR THE CONSOLIDATED FINANCIAL STATEMENTS

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

AUDITOR'S RESPONSIBILITY

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

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

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

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

OPINION

In our opinion, the consolidated financial statements give a true and fair view of the state of affairs of the Company and of the Group as at 31 March 2015 and of the Group's results and cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards and have been properly prepared in accordance with the disclosure requirements of the Hong Kong Companies Ordinance.

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

30 June 2015

CONSOLIDATED INCOME STATEMENT

for the year ended 31 March 2015
(Expressed in Hong Kong dollars)

	Note	**2015** **$'000**	2014 $'000
Turnover	4(a)	**1,051,350**	1,085,068
Cost of sales		**(286,468)**	(323,078)
Gross profit		**764,882**	761,990
Other revenue	5	**178,709**	53,866
Other net loss	6	**(17,565)**	(36,625)
Selling expenses		**(177,420)**	(163,877)
Administrative expenses		**(459,853)**	(444,933)
Impairment loss on intangible assets	15	**—**	(448,048)
Impairment loss on available-for-sale equity securities	19	**—**	(25,374)
Profit/(loss) from operations		**288,753**	(303,001)
Finance costs	7(a)	**(75,354)**	(33,384)
Changes in fair value of financial liabilities at fair value through profit or loss	30(ii)	**(255,425)**	(353,208)
Share of profits of an associate		**—**	39,573
Share of losses of a joint venture		**—**	(60,932)
Loss on deemed disposal of partial interest in an associate	18	**—**	(33,072)
Impairment loss on non-current assets classified as held for sale	18	**(759,934)**	—
Loss before taxation	7	**(801,960)**	(744,024)
Income tax (expense)/credit	8(a)	**(79,477)**	31,160
Loss for the year		**(881,437)**	(712,864)
Attributable to:			
Equity shareholders of the Company	11	**(805,860)**	(429,081)
Non-controlling interests		**(75,577)**	(283,783)
Loss for the year		**(881,437)**	(712,864)
Loss per share			
Basic (in cents)	13(a)	**(46.3)**	(33.6)
Diluted (in cents)	13(b)	**(46.3)**	(33.6)

The notes on pages 66 to 172 form part of these financial statements.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

for the year ended 31 March 2015
(Expressed in Hong Kong dollars)

	Note	2015 $'000	2014 $'000
Loss for the year		**(881,437)**	(712,864)
Other comprehensive income for the year (after tax and reclassification adjustments)			
Items that may be reclassified subsequently to profit or loss:			
Exchange reserve: net movement during the year, net of nil tax	12	**32,912**	80,938
Fair value reserve: net movement during the year, net of nil tax	12	**(39,497)**	72,174
Share of other comprehensive income of an associate, net of nil tax		**—**	9,773
Share of other comprehensive income of a joint venture, net of nil tax		**—**	(2,019)
Other comprehensive income for the year		**(6,585)**	160,866
Total comprehensive income for the year		**(888,022)**	(551,998)
Attributable to:			
Equity shareholders of the Company		**(803,977)**	(339,143)
Non-controlling interests		**(84,045)**	(212,855)
Total comprehensive income for the year		**(888,022)**	(551,998)

The notes on pages 66 to 172 form part of these financial statements.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

at 31 March 2015
(Expressed in Hong Kong dollars)

	Note	2015 $'000	2014 $'000
Non-current assets			
Fixed assets	14(a)		
– Property, plant and equipment		**2,123,342**	1,961,811
– Interests in leasehold land held for own use under operating leases		**1,651,632**	1,685,008
		3,774,974	3,646,819
Intangible assets	15	**161,876**	167,904
Goodwill	16	**582,365**	579,246
Available-for-sale securities	19	**483,139**	519,012
Inventories	20(a)	**73,074**	60,212
Trade and other receivables	21	**508,673**	550,523
Deferred tax assets	29(b)	**18,261**	13,588
		5,602,362	5,537,304
Current assets			
Non-current assets classified as held for sale	18	**—**	806,327
Available-for-sale securities	19	**63,867**	—
Inventories	20(a)	**37,598**	46,966
Trading securities	22	**98,945**	86,320
Trade and other receivables	23	**306,056**	338,254
Time deposits	24	**86,169**	86,260
Cash and cash equivalents	25(a)	**3,959,389**	2,711,714
		4,552,024	4,075,841
Current liabilities			
Trade and other payables	26	**488,024**	427,124
Interest-bearing borrowings	27	**202,711**	765,955
Obligations under finance leases	28	**1,482**	1,306
Income tax payables	29(a)	**79,738**	59,389
Deferred income	31	**279,341**	247,722
		1,051,296	1,501,496
Net current assets		**3,500,728**	2,574,345
Total assets less current liabilities		**9,103,090**	8,111,649

at 31 March 2015
(Expressed in Hong Kong dollars)

	Note	2015 $'000	2014 $'000
Non-current liabilities			
Other payables	26	**323,134**	206,516
Interest-bearing borrowings	27	**749,913**	77,249
Obligations under finance leases	28	**2,078**	1,179
Financial liabilities at fair value through profit or loss	30	**1,835,268**	773,011
Deferred tax liabilities	29(b)	**163,144**	165,757
Deferred income	31	**1,392,878**	1,037,031
Other non-current liabilities		**424**	422
		4,466,839	2,261,165
NET ASSETS		**4,636,251**	5,850,484
CAPITAL AND RESERVES			
Share capital	32(b)	**359,572**	341,759
Reserves	32(c)	**3,229,703**	4,104,709
Amounts recognised in other comprehensive income and accumulated in equity relating to non-current assets classified as held for sale	18	**—**	46,393
Total equity attributable to equity shareholders of the Company		**3,589,275**	4,492,861
Non-controlling interests		**1,046,976**	1,357,623
TOTAL EQUITY		**4,636,251**	5,850,484

Approved and authorised for issue by the board of directors on 30 June 2015.

KAM Yuen
Director

KONG Kam Yu
Director

The notes on pages 66 to 172 form part of these financial statements.

STATEMENT OF FINANCIAL POSITION

at 31 March 2015
(Expressed in Hong Kong dollars)

	Note	2015 $'000	2014 $'000
Non-current assets			
Property, plant and equipment	14(b)	**179**	271
Interests in subsidiaries	17(a)	**3,808,092**	3,712,337
		3,808,271	3,712,608
Current assets			
Other receivables	23	**7,681**	7,728
Time deposits	24	**16,487**	—
Cash and cash equivalents	25(a)	**555,530**	91,592
		579,698	99,320
Current liabilities			
Other payables	26	**11,545**	6,770
Interest-bearing borrowings	27	**—**	296,400
		11,545	303,170
Net current assets/(liabilities)		**568,153**	(203,850)
Total assets less current liabilities		**4,376,424**	3,508,758

at 31 March 2015
(Expressed in Hong Kong dollars)

	Note	2015 $'000	2014 $'000
Non-current liabilities			
Interest-bearing borrowings	27	**749,913**	77,249
Financial liabilities at fair value through profit or loss	30	**146,669**	—
		896,582	77,249
NET ASSETS		**3,479,842**	3,431,509
CAPITAL AND RESERVES			
Share capital	32(b)	**359,572**	341,759
Reserves	32(c)	**3,120,270**	3,089,750
TOTAL EQUITY		**3,479,842**	3,431,509

Approved and authorised for issue by the board of directors on 30 June 2015.

KAM Yuen
Director

KONG Kam Yu
Director

The notes on pages 66 to 172 form part of these financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

for the year ended 31 March 2015
(Expressed in Hong Kong dollars)

	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
Balance at 1 April 2014		341,759	2,275,066	11,679	33,395	54,193	515,071	193,866	61,018	(708,127)	1,668,548	46,393	4,492,861	1,357,623	5,850,484
Changes in equity for the year ended 31 March 2015:															
Loss for the year		–	–	–	–	–	–	–	–	–	(805,860)	–	(805,860)	(75,577)	(881,437)
Other comprehensive income		–	–	–	–	–	22,612	–	(20,729)	–	–	–	1,883	(8,468)	(6,585)
Total comprehensive income for the year		–	–	–	–	–	22,612	–	(20,729)	–	(805,860)	–	(803,977)	(84,045)	(888,022)
Special dividend approved during the year	32(b)(iii) & 32(d)	1,820	8,951	–	–	–	–	–	–	–	(51,264)	–	(40,493)	–	(40,493)
Dividend approved in respect of the previous year	32(b)(iii) & 32(d)	499	2,639	–	–	–	–	–	–	–	(44,667)	–	(41,529)	–	(41,529)
Shares issued upon warrants conversion	32(b)(iv)	19	117	–	–	–	–	–	–	–	–	–	136	–	136
Acquisition of additional interests in subsidiaries	32(b)(v) & 33	15,475	82,017	–	–	–	(44,428)	6,004	–	(39,139)	–	–	19,929	(238,699)	(218,770)
Equity settled share-based payment expenses	34(b)	–	–	–	8,741	–	–	–	–	–	–	–	8,741	12,097	20,838
Provision on non-current assets classified as held for sale	18	–	–	–	–	–	–	–	–	–	–	(46,393)	(46,393)	–	(46,393)
Transfer to surplus reserve		–	–	–	–	–	–	10,856	–	–	(10,856)	–	–	–	–
Balance at 31 March 2015		359,572	2,368,790	11,679	42,136	54,193	493,255	210,726	40,289	(747,266)	755,901	–	3,589,275	1,046,976	4,636,251

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

for the year ended 31 March 2015
(Expressed in Hong Kong dollars)

	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
Balance at 1 April 2013		227,184	1,814,652	11,679	33,395	54,193	485,707	164,856	32,761	(515,159)	2,156,173	–	4,465,441	1,660,900	6,126,341
Changes in equity for the year ended 31 March 2014:															
Loss for the year		–	–	–	–	–	–	–	–	–	(429,081)	–	(429,081)	(283,783)	(712,864)
Other comprehensive income		–	–	–	–	–	61,681	–	28,257	–	–	–	89,938	70,928	160,866
Total comprehensive income for the year		–	–	–	–	–	61,681	–	28,257	–	(429,081)	–	(339,143)	(212,855)	(551,998)
Issued shares upon open offer	32(b)(ii)	113,920	455,678	–	–	–	–	–	–	–	–	–	569,598	–	569,598
Dividend approved in respect of the previous year	32(b)(iii)	655	4,736	–	–	–	–	–	–	–	(29,534)	–	(24,143)	–	(24,143)
Dividends to holders of non- controlling interests		–	–	–	–	–	–	–	–	–	–	–	–	(12,834)	(12,834)
Acquisition of non-controlling interests by exercise of put options		–	–	–	–	–	4,552	–	–	44,142	–	–	48,694	(48,694)	–
Acquisition of additional interests in a subsidiary	33(a)	–	–	–	–	–	9,524	–	–	(230,862)	–	–	(221,338)	(28,894)	(250,232)
Changes in carrying amounts of share repurchase obligations		–	–	–	–	–	–	–	–	(6,048)	–	–	(6,048)	–	(6,048)
Transfer of amounts recognised in other comprehensive income and accumulated in equity relating to non-current assets classified as held for sale	18	–	–	–	–	–	(46,393)	–	–	–	–	46,393	–	–	–
Transfer to surplus reserve		–	–	–	–	–	–	29,010	–	–	(29,010)	–	–	–	–
Share of other reserves of an associate		–	–	–	–	–	–	–	–	(200)	–	–	(200)	–	(200)
Balance at 31 March 2014		341,759	2,275,066	11,679	33,395	54,193	515,071	193,866	61,018	(708,127)	1,668,548	46,393	4,492,861	1,357,623	5,850,484

The notes on pages 66 to 172 form part of these financial statements.

CONSOLIDATED CASH FLOW STATEMENT

for the year ended 31 March 2015
(Expressed in Hong Kong dollars)

	Note	2015 $'000	2014 $'000
Operating activities			
Cash generated from operations	25(b)	**1,002,408**	911,716
The People's Republic of China ("PRC") income tax paid		**(76,010)**	(110,088)
PRC income tax refund		**22,992**	—
Net cash generated from operating activities		**949,390**	801,628
Investing activities			
Proceeds from sale of property, plant and equipment		**34**	301
Payments for the purchase of property, plant and equipment		**(273,994)**	(295,775)
Advances to a third party		**(6,335)**	—
Net proceeds from disposal of interest in a subsidiary		**—**	12,689
Proceeds from disposal of trading securities		**—**	95,462
Payments for purchase of trading securities		**(19,034)**	(1,553)
Proceeds from investment income of available-for-sale securities		**—**	18,737
Earnest money received from disposal of available-for-sale securities		**414**	—
Payments for purchase of available-for-sale securities		**(67,491)**	(10,920)
Payments for acquisition of time deposits		**(86,169)**	(86,260)
Proceeds from disposal of time deposits		**86,260**	63,102
Interest income from bank deposits	5	**16,305**	11,373
Dividend income from trading securities	5	**1,385**	3,601
Dividend income from available-for-sale securities	5	**2,953**	12,412
Net cash used in investing activities		**(345,672)**	(176,831)

for the year ended 31 March 2015
(Expressed in Hong Kong dollars)

	Note	**2015 $'000**	2014 $'000
Financing activities			
Proceeds from issuance of new shares upon open offer	32(b)(ii)	**—**	569,598
Payments for redemption of convertible notes issued by the Company	30(ii)	**—**	(157,434)
Payments for repurchase of own shares by a subsidiary		**—**	(5,563)
Proceeds from issuance of new shares upon warrants conversion	32(b)(iv)	**136**	—
Payments for acquisition of additional interests in subsidiaries	33	**(114,994)**	(3,776)
Proceeds from new interest-bearing borrowings		**941,297**	606,225
Repayments of interest-bearing borrowings		**(863,133)**	(645,880)
Payments for dividends to equity shareholders of the Company		**(82,058)**	(24,118)
Payments for dividends to holders of non-controlling interests		**—**	(12,834)
Payments for exercised put options		**—**	(301,524)
Payments for transaction costs of issuance of convertible notes		**(6,166)**	(4,087)
Net proceeds from deemed issuance of convertible notes issued by a subsidiary	30(ii)	**687,102**	—
Net proceeds from issuance of convertible notes	30(ii)	**155,220**	—
Interest paid on interest-bearing borrowings		**(55,420)**	(29,351)
Interest paid on convertible notes	30(ii)	**(35,490)**	(36,730)
Capital element of finance lease rentals paid		**(1,691)**	(1,254)
Interest element of finance lease rentals paid		**(122)**	(131)
Net cash generated from/(used in) financing activities		**624,681**	(46,859)
Net increase in cash and cash equivalents		**1,228,399**	577,938
Cash and cash equivalents at beginning of the year		**2,711,714**	2,101,322
Effects of foreign exchange rates changes		**19,276**	32,454
Cash and cash equivalents at end of the year	25(a)	**3,959,389**	2,711,714

The notes on pages 66 to 172 form part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS

(Expressed in Hong Kong dollars unless otherwise indicated)

1 BACKGROUND

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

On 24 January 2011, the Company completed the listing of 90,000,000 units of Taiwan Depositary Receipts ("TDRs"), representing 90,000,000 shares of the Company of par value of $0.20 each, comprising 60,000,000 new shares of par value of $0.20 each allotted and issued by the Company and 30,000,000 shares of par value of $0.20 each sold by the Company's then shareholders, on the Taiwan Stock Exchange Corporation ("Taiwan Stock Exchange").

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

2 SIGNIFICANT ACCOUNTING POLICIES

(a) Statement of compliance

These financial statements have been prepared in accordance with all applicable Hong Kong Financial Reporting Standards ("HKFRSs"), which collective term includes all applicable individual HKFRSs, Hong Kong Accounting Standards ("HKASs") and Interpretations issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") and accounting principles generally accepted in Hong Kong. These financial statements also comply with the applicable disclosure requirements of the Hong Kong Companies Ordinance, which for this financial year and the comparative period, as permitted by the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules"), continue to be those of the predecessor Companies Ordinance (Cap. 32). These financial statements also comply with the applicable disclosure provisions of the Listing Rules. A summary of the significant accounting policies adopted by the Group is set out below.

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

2 SIGNIFICANT ACCOUNTING POLICIES (continued)

(b) Basis of preparation of the financial statements

The consolidated financial statements for the year ended 31 March 2015 comprise the Company and its subsidiaries.

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

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

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

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

(c) Changes in accounting policies

The HKICPA has issued the following amendments to HKFRSs and one new Interpretation that are first effective for the current accounting period of the Group and the Company:

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

None of these developments have had a material effect on how the Group's results and financial position for the current or prior periods have been prepared or presented. The Group has not applied any new standard or interpretation that is not yet effective for the current accounting period.

2 SIGNIFICANT ACCOUNTING POLICIES (continued)

(d) Subsidiaries and non-controlling interests

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

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

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

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

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

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

2 SIGNIFICANT ACCOUNTING POLICIES (continued)

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

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

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

(e) Associates and joint ventures

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

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

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

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

2 SIGNIFICANT ACCOUNTING POLICIES (continued)

(e) Associates and joint ventures (continued)

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

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

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

(f) Goodwill

Goodwill represents the excess of

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

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

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

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

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

2 SIGNIFICANT ACCOUNTING POLICIES (continued)

(g) Other investments in debt and equity securities

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

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

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

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

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

(h) Derivative financial instruments

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

2 SIGNIFICANT ACCOUNTING POLICIES (continued)

(i) Property, plant and equipment

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

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

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

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

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

No depreciation is provided for construction in progress.

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

(j) Intangible assets (other than goodwill)

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

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

2 SIGNIFICANT ACCOUNTING POLICIES (continued)

(j) Intangible assets (other than goodwill) (continued)

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

– Hospital management service contract rights	30 years
– Operating rights of cord blood banks	30 years

Both the period and method of amortisation are reviewed annually.

(k) Leased assets

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

(i) Classification of assets leased to the Group

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

(ii) Assets acquired under finance leases

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

2 SIGNIFICANT ACCOUNTING POLICIES (continued)

(k) Leased assets (continued)

(iii) Operating lease charges

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

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

(l) Impairment of assets

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

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

— significant financial difficulty of the debtor;

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

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

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

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

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

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

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

2 SIGNIFICANT ACCOUNTING POLICIES (continued)

(l) Impairment of assets (continued)

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

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

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

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

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

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

2 SIGNIFICANT ACCOUNTING POLICIES (continued)

(l) Impairment of assets (continued)

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

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

(ii) Impairment of other assets

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

— property, plant and equipment;

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

— intangible assets;

— goodwill; and

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

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

— Calculation of recoverable amount

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

2 SIGNIFICANT ACCOUNTING POLICIES (continued)

(l) Impairment of assets (continued)

(ii) Impairment of other assets (continued)

— Recognition of impairment losses

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

— Reversals of impairment losses

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

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

(iii) Interim financial reporting and impairment

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

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

2 SIGNIFICANT ACCOUNTING POLICIES (continued)

(m) Inventories

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

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

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

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

(n) Trade and other receivables

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

2 SIGNIFICANT ACCOUNTING POLICIES (continued)

(o) Convertible notes

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

(p) Interest-bearing borrowings

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

(q) Trade and other payables

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

(r) Cash and cash equivalents

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

2 SIGNIFICANT ACCOUNTING POLICIES (continued)

(s) Employee benefits

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

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

(ii) Share-based payments

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

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

(iii) Termination benefits

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

2 SIGNIFICANT ACCOUNTING POLICIES (continued)

(t) Income tax

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

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

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

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

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

2 SIGNIFICANT ACCOUNTING POLICIES (continued)

(t) Income tax (continued)

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

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

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

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

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

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

  — the same taxable entity; or

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

2 SIGNIFICANT ACCOUNTING POLICIES (continued)

(u) Financial guarantees issued, provisions and contingent liabilities

(i) Financial guarantees issued

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

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

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

(ii) Other provisions and contingent liabilities

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

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

2 SIGNIFICANT ACCOUNTING POLICIES (continued)

(v) Revenue recognition

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

(i) Sale of goods

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

(ii) Service income

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

(iii) Government grants

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

(iv) Dividends

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

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

(v) Interest income

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

2 SIGNIFICANT ACCOUNTING POLICIES (continued)

(w) Translation of foreign currencies

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

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

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

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

(x) Borrowing costs

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

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

2 SIGNIFICANT ACCOUNTING POLICIES (continued)

(y) Non-current assets held for sale

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

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

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

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

2 SIGNIFICANT ACCOUNTING POLICIES (continued)

(z) Related parties

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

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

(ii) has significant influence over the Group; or

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

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

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

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

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

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

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

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

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

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

(aa) Segment reporting

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

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

3 ACCOUNTING ESTIMATES AND JUDGEMENTS

Notes 16, 34 and 35(f) contain information about the assumptions and their risk factors relating to goodwill impairment, fair value of share options and restricted share units granted and financial instruments. Other key sources of estimation uncertainty are as follows:

(a) Impairment loss on trade and other receivables

Impairment losses on trade and other receivables are assessed and provided based on management's regular review of ageing analysis and evaluation of collectability to determine whether there is objective evidence of impairment. If any such evidence exists, an impairment loss is recognised. Objective evidence of impairment includes observable data that comes to the attention of the Group about loss events such as a significant decline in the estimated future cash flow of an individual debtor or the portfolio of debtors, and significant changes in the financial condition that have an adverse effect on the debtor. If there is objective evidence of a recovery in the value of receivables which can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed.

(b) Depreciation and amortisation

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

(c) Impairment of assets

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

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

3 ACCOUNTING ESTIMATES AND JUDGEMENTS

(d) Recognition of deferred tax assets

The Group has recognised deferred tax assets which arose from deductible temporary differences as set out in note 29(b). The realisability of the deferred tax assets mainly depends on whether it is probable that future taxable profits or taxable temporary differences will be available against which the assets can be utilised. In cases where the actual future taxable profits or taxable temporary differences generated are less than expected, a reversal of deferred tax assets may arise, which will be recognised in profit or loss for the period in which such a reversal takes place.

(e) Fair values of financial instruments

If the market for a financial instrument is not active, the Group establishes fair value by using a valuation technique. Valuation techniques include using recent arm's length market transactions between knowledgeable and willing parties, if available, reference to the current fair value of another instrument that is substantially the same, discounted cash flow analysis and option pricing models. To the extent practicable, valuation technique makes maximum use of market inputs. However, where market inputs are not available, management needs to make estimates on such unobservable market inputs.

4 TURNOVER AND SEGMENT REPORTING

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

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

	2015	2014
	$'000	$'000
Sale of medical devices and medical accessories	**175,619**	274,201
Cord blood storage service income	**800,555**	722,167
Hospital management service and hospital operation income	**63,442**	71,181
Medical insurance administration service income	**5,845**	4,941
Sale of Chinese herbal medicines	**5,889**	12,578
	1,051,350	1,085,068

For the year ended 31 March 2015, no customer with whom transaction have exceeded 10% of the Group's turnover (2014: one customer with turnover of $148,256,000). Details of concentrations of credit risk arising from the Group's largest customers are set out in note 35(a).

Further details regarding the Group's principal activities are disclosed below.

4 TURNOVER AND SEGMENT REPORTING (continued)

(b) 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.

- Medical devices segment: the development, manufacture and sale of medical devices and medical accessories.
- Cord blood storage segment: the provision of cord blood stem cell examination, processing, separation and storage service and other related services.
- Hospital management segment: the provision of management service to a hospital and operation of a hospital in the PRC.
- Medical insurance administration segment: the provision of medical insurance administration service in the PRC.
- Chinese herbal medicines segment: the research and development and the manufacture and sale of Chinese herbal medicines.

(i) Segment results, assets and liabilities

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

Segment assets include all tangible and intangible assets and current assets with the exception of non-current assets classified as held for sale, deferred tax assets, trading securities and inter-company receivables. Segment liabilities include trade payables, accruals, interest-bearing borrowings, deferred income and other payables attributable to the operating activities of the individual segments with the exception of interest-bearing borrowings of the Company, deferred tax liabilities and inter-company payables.

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

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

4 TURNOVER AND SEGMENT REPORTING (continued)

(b) Segment reporting (continued)

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

Information regarding the Group's reportable segments as provided to the Group's most senior executive management for the purposes of resources allocation and assessment of segment performance for the years ended 31 March 2015 and 2014 is set out below:

	Medical devices		Cord blood storage		Hospital management		Medical insurance administration		Chinese herbal medicines		Total	
	2015	2014	**2015**	2014	**2015**	2014	**2015**	2014	**2015**	2014	**2015**	2014
	$'000	$'000	**$'000**	$'000	**$'000**	$'000	**$'000**	$'000	**$'000**	$'000	**$'000**	$'000
Revenue from external customers	**175,619**	274,201	**800,555**	722,167	**63,442**	71,181	**5,845**	4,941	**5,889**	12,578	**1,051,350**	1,085,068
Inter-segment revenue	**18,787**	17,971	**–**	–	**–**	–	**–**	–	**–**	–	**18,787**	17,971
Reportable segment revenue	**194,406**	292,172	**800,555**	722,167	**63,442**	71,181	**5,845**	4,941	**5,889**	12,578	**1,070,137**	1,103,039
Reportable segment profit/(loss)	**49,563**	136,459	**334,898**	331,038	**(110,844)**	(571,541)	**(33,243)**	(43,400)	**(32,107)**	(32,684)	**208,267**	(180,128)
Depreciation and amortisation for the year	**8,560**	8,284	**64,976**	47,786	**49,200**	63,058	**11,070**	11,440	**22,101**	22,113	**155,907**	152,681
Impairment loss/(reversal of impairment loss) on trade receivables	**45**	(13)	**31,562**	22,656	**421**	62,788	**–**	–	**–**	–	**32,028**	85,431
Impairment loss on intangible assets	**–**	–	**–**	–	**–**	448,048	**–**	–	**–**	–	**–**	448,048
Impairment loss on fixed assets	**–**	–	**–**	–	**–**	–	**–**	–	**2,884**	–	**2,884**	–
Reportable segment assets	**400,060**	460,158	**5,240,247**	4,613,084	**2,842,180**	2,577,772	**84,323**	96,173	**712,058**	729,860	**9,278,868**	8,477,047
Additions to fixed assets	**2,832**	7,284	**28,456**	240,805	**235,339**	109,188	**391**	91	**517**	3	**267,535**	357,371
Reportable segment liabilities	**253,678**	258,670	**3,816,540**	2,452,277	**360,370**	208,559	**750**	674	**14,529**	13,854	**4,445,867**	2,934,034

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

4 TURNOVER AND SEGMENT REPORTING (continued)

(b) Segment reporting (continued)

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

Revenue

	2015 **$'000**	2014 $'000
Reportable segment revenue	**1,070,137**	1,103,039
Elimination of inter-segment revenue	**(18,787)**	(17,971)
Consolidated turnover	**1,051,350**	1,085,068

Profit or loss

	2015 **$'000**	2014 $'000
Reportable segment profit/(loss)	**208,267**	(180,128)
Finance costs	**(75,354)**	(33,384)
Changes in fair value of financial liabilities at fair value through profit or loss	**(255,425)**	(353,208)
Share of profits of an associate	**—**	39,573
Share of losses of a joint venture	**—**	(60,932)
Loss on deemed disposal of partial interest in an associate	**—**	(33,072)
Management income from a third parry	**140,400**	—
Impairment loss on non-current assets classified as held for sale	**(759,934)**	—
Impairment loss on available-for-sale equity securities	**—**	(25,374)
Net realised and unrealised losses on trading securities	**(6,409)**	(32,173)
Unallocated head office and corporate expenses	**(53,505)**	(65,326)
Consolidated loss before taxation	**(801,960)**	(744,024)

4 TURNOVER AND SEGMENT REPORTING (continued)

(b) Segment reporting (continued)

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

Assets and liabilities

	2015 **$'000**	2014 $'000
Assets		
Reportable segment assets	**9,278,868**	8,477,047
Available-for-sale securities	**164,923**	110,465
Trading securities	**98,945**	86,320
Deferred tax assets	**18,261**	13,588
Non-current assets classified as held for sale	**—**	806,327
Unallocated head office and corporate assets	**593,389**	119,398
Consolidated total assets	**10,154,386**	9,613,145
Liabilities		
Reportable segment liabilities	**4,445,867**	2,934,034
Deferred tax liabilities	**163,144**	165,757
Financial liabilities at fair value through profit or loss	**146,669**	—
Interest-bearing borrowings in holding companies	**749,913**	641,819
Unallocated head office and corporate liabilities	**12,542**	21,051
Consolidated total liabilities	**5,518,135**	3,762,661

5 OTHER REVENUE

	2015 $'000	2014 $'000
Management income from a third party (i)	**140,400**	—
Interest income from bank deposits	**16,305**	11,373
Interest income from trade receivables	**11,698**	12,751
VAT refunds (ii)	**4,087**	12,141
Dividend income from available-for-sale securities	**2,953**	12,412
Dividend income from trading securities	**1,385**	3,601
Sundry income	**1,881**	1,588
	178,709	53,866

(i) During the year ended 31 March 2015, the Group received $140,400,000 management income with respect to the management services provided to a third party.

(ii) Pursuant to the relevant government policies and approval documents from the local government authorities, one of the Group's PRC subsidiaries is entitled to VAT refund which is calculated at approximately 14% (2014: 14%) of sales of software products embedded in the medical devices.

6 OTHER NET LOSS

	2015 $'000	2014 $'000
Net realised and unrealised losses on trading securities	**(6,409)**	(32,173)
Net exchange loss	**(2,437)**	(6,493)
Net (loss)/gain on disposal of property, plant and equipment	**(7,628)**	77
Others	**(1,091)**	1,964
	(17,565)	(36,625)

7 LOSS BEFORE TAXATION

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

	2015	2014
	$'000	$'000
(a) Finance costs		
Interests on interest-bearing borrowings wholly repayable within five years	**79,628**	49,471
Interests on settlement of share repurchase obligations	**—**	15,071
Transaction costs of issuance of convertible notes by the Company	**6,166**	—
Finance charges on obligations under finance leases	**122**	131
Total finance costs	**85,916**	64,673
Less: Interests capitalised to construction in progress*	**(10,562)**	(31,289)
	75,354	33,384

* Borrowing costs were capitalised at a rate of 4% per annum in 2015 (2014:12%).

	2015	2014
(b) Staff costs		
Salaries, wages and other benefits	**209,399**	223,201
Contributions to defined contribution retirement plans	**34,512**	27,696
Equity settled share-based payment expenses (note 34(b))	**20,838**	—
	264,749	250,897

7 LOSS BEFORE TAXATION (continued)

	2015 $'000	2014 $'000
(c) Other items		
Amortisation #		
– land lease premium (note 14(a))	**38,371**	38,431
– intangible assets (note 15)	**7,098**	34,878
Depreciation of property, plant and equipment (note 14(a)) #	**110,954**	80,757
Impairment losses		
– trade receivables (note 23(b))	**32,028**	85,431
– non-current assets classified as held for sale (notes 18)	**759,934**	—
– available-for-sale equity securities (note 19)	**—**	25,374
– intangible assets (note 15)	**—**	448,048
– fixed assets (note 14(a))	**2,884**	—
Operating lease charges: minimum lease payments #		
– assets held for use under operating leases	**18,969**	23,393
– other assets	**131**	79
Auditor's remuneration		
– audit services	**14,463**	13,901
– other services##	**1,658**	1,049
Research and development costs (other than depreciation and amortisation costs)	**23,268**	22,973
Cost of inventories (note 20(b)) #	**265,328**	257,399

Cost of inventories includes $108,503,000 (2014: $91,303,000) relating to staff costs, depreciation and amortisation expenses and operating lease charges, which amount is also included in the respective total amounts disclosed separately above or in note 7(b) for each of these types of expenses.

For the year ended 31 March 2015, other services performed by KPMG related to a very substantial disposal and a major transaction (2014: related to open offer and financial due diligence work).

8 INCOME TAX IN THE CONSOLIDATED INCOME STATEMENT

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

	2015 **$'000**	2014 $'000
Current tax - PRC Corporate Income Tax ("CIT")		
Provision for the year	**86,552**	78,336
Under-provision/(over-provision) in respect of prior years	**317**	(819)
	86,869	77,517
Deferred tax		
Origination and reversal of temporary differences (note 29(b)(i))	**(7,392)**	(108,677)
Total income tax expense/(credit)	**79,477**	(31,160)

(i) PRC CIT

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

On 16 March 2007, the PRC government enacted the new Corporate Income Tax Law ("CIT Law"), which unified the income tax rate to 25% for all companies registered and incorporated in the PRC. Accordingly, except for Beijing Jingjing Medical Equipment Co., Ltd. ("Jingjing"), Beijing Jiachenhong Biological Technologies Co., Ltd ("Beijing 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 year ended 31 March 2015 (2014: 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. Jingjing obtained its latest renewed certificate of HNTE on 30 October 2014 with an effective period of three years ending 31 December 2017. Therefore, income tax expense for the period from 1 April 2014 to 31 March 2015 was calculated based on an income tax rate of 15%.

In February 2012, upon the receipt of the notification issued by the local tax bureau, Beijing Jiachenhong renewed its designation as a HNTE, and therefore, qualified to the reduced income tax rate of 15% retrospectively from 1 January 2011 to 31 December 2013. Beijing Jiachenhong obtained its latest renewed certificate of HNTE on 30 October 2014 with an effective period of three years ending 31 December 2016. Therefore, income tax expense for the period from 1 April 2014 to 31 March 2015 was calculated based on an income tax rate of 15%.

8 INCOME TAX IN THE CONSOLIDATED INCOME STATEMENT (continued)

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

(i) PRC CIT (continued)

In June 2011, Guangzhou Nuoya was initially certified as a HNTE, and therefore, qualified to the reduced income tax rate of 15% retrospectively from 1 January 2010 to 31 December 2012. Guangzhou Nuoya obtained its latest renewed certificate of HNTE on 16 October 2013 with an effective period of three years ending 31 December 2015. Therefore, income tax expense for the period from 1 April 2014 to 31 March 2015 was calculated based on an income tax rate of 15%.

The CIT 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.

(ii) Hong Kong Profits Tax

No provision for Hong Kong Profits Tax has been made for the years ended 31 March 2015 and 2014 as the Group did not have any profits assessable to Hong Kong Profits Tax during the current and prior years.

(iii) Cayman Islands tax and British Virgin Islands tax

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

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

8 INCOME TAX IN THE CONSOLIDATED INCOME STATEMENT (continued)

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

	2015	2014
	$'000	$'000
Loss before taxation	**(801,960)**	(744,024)
Notional taxation on profit/(loss) before taxation, calculated at the rates applicable to profit/(loss) in the related jurisdictions concerned	**(31,083)**	(29,351)
Tax effect of non-deductible expenses	**102,564**	89
Tax effect of non-taxable revenues	**(2,074)**	(7,203)
Under-provision/(over-provision) in respect of prior years	**317**	(819)
Reduced tax rate approved by tax authorities	**(40,557)**	(48,287)
Unused tax losses not recognised	**43,722**	40,410
Withholding tax on profit distributions	**6,588**	14,001
Actual tax expense/(credit)	**79,477**	(31,160)

9 DIRECTORS' REMUNERATION

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

	2015					
	Directors' fees $'000	Salaries, allowances and benefits in kind $'000	Discretionary bonuses $'000	Retirement scheme contributions $'000	Equity settled share-based payments $'000	Total $'000
Executive directors						
Mr. KAM Yuen	—	2,600	—	18	—	2,618
Mr. LU Tian Long (resigned on 11 February 2015)	—	555	—	15	—	570
Mr. KONG Kam Yu	—	2,340	1,320	18	—	3,678
Mr. YU Kwok Kuen, Harry	—	5,373	—	18	—	5,391
Non-executive directors						
Ms. ZHENG Ting	—	3,075	—	18	4,853	7,946
Mr. GAO Yue (appointed on 14 November 2014)	27	—	—	—	—	27
Independent non-executive directors						
Prof. CAO Gang	60	—	150	—	—	210
Mr. FENG Wen	60	—	150	—	—	210
Mr. GAO Zong Ze (resigned on 19 September 2014)	33	—	230	—	—	263
Prof. GU Qiao	60	—	150	—	—	210
Mr. Daniel FOA (appointed on 11 February 2015)	27	—	—	—	—	27
	267	13,943	2,000	87	4,853	21,150

9 DIRECTORS' REMUNERATION (continued)

	2014				
	Directors' fees $'000	Salaries, allowances and benefits in kind $'000	Discretionary bonuses $'000	Retirement scheme contributions $'000	Total $'000
Executive directors					
Mr. KAM Yuen	—	2,600	4,000	15	6,615
Mr. LU Tian Long	—	650	750	15	1,415
Mr. KONG Kam Yu	—	2,340	4,000	15	6,355
Mr. YU Kwok Kuen, Harry	—	5,694	860	15	6,569
Non-executive director					
Ms. ZHENG Ting	—	2,837	3,000	15	5,852
Independent non-executive directors					
Prof. CAO Gang	60	—	130	—	190
Mr. FENG Wen	60	—	130	—	190
Mr. GAO Zong Ze	60	—	220	—	280
Prof. GU Qiao	60	—	130	—	190
	240	14,121	13,220	75	27,656

10 INDIVIDUALS WITH HIGHEST EMOLUMENTS

Of the five individuals with the highest emoluments, two (2014: four) are directors whose emoluments are disclosed in note 9. The aggregate of the emoluments in respect of the other three (2014: one) individuals are as follows:

	2015 **$'000**	2014 $'000
Salaries, allowances and other benefits	**5,799**	2,447
Discretionary bonuses	**—**	3,000
Equity settled share-based payments	**9,420**	—
Retirement scheme contributions	**—**	15
	15,219	5,462

The emoluments fall within the following bands:

	Number of individuals	
	2015	2014
Emoluments bands		
$3,500,001 to $4,000,000	**1**	—
$4,000,001 to $4,500,000	**—**	—
$4,500,001 to $5,000,000	**1**	—
$5,000,001 to $5,500,000	**—**	1
$5,500,001 to $6,500,000	**1**	—
	3	1

11 LOSS ATTRIBUTABLE TO EQUITY SHAREHOLDERS OF THE COMPANY

The consolidated loss attributable to equity shareholders of the Company includes a loss of $67,273,000 (2014: profit of $41,575,000) which has been dealt with in the financial statements of the Company.

Reconciliation of the above amount to the Company's profit and total comprehensive income for the year:

	2015 $'000	2014 $'000
Consolidated (loss)/profit attributable to equity shareholders of the Company dealt with in the Company's financial statements	**(67,273)**	41,575
Final dividend from a subsidiary attributable to the profits of previous financial years, approved during the year	**100,000**	—
Company's profit and total comprehensive income for the year (note 32(a))	**32,727**	41,575

Details of dividends paid and payable to equity shareholders of the Company are set out in note 32(d).

12 OTHER COMPREHENSIVE INCOME

Components of other comprehensive income, including reclassification adjustments:

	2015 $'000	2014 $'000
Exchange reserve:		
Exchange differences on translation of financial statements of subsidiaries outside Hong Kong	**32,912**	83,564
Reclassification adjustments for amounts transferred to profit or loss:		
– Deemed disposal of partial interest in an associate (note 18)	**—**	(2,626)
Less: Income tax	**—**	—
Net movement in exchange reserve during the year recognised in other comprehensive income	**32,912**	80,938
Fair value reserve:		
Changes in fair value of available-for-sale securities recognised during the year	**(39,497)**	72,174
Less: Income tax	**—**	—
Net movement in fair value reserve during the year recognised in other comprehensive income	**(39,497)**	72,174

13 LOSS PER SHARE

(a) *Basic loss per share*

The calculation of basic loss per share is based on consolidated loss attributable to equity shareholders of the Company of $805,860,000 (2014: $429,081,000) and the weighted average of 1,741,500,000 ordinary shares (2014: 1,275,948,000 ordinary shares) in issue during the year, calculated as follows:

Weighted average number of ordinary shares (basic)

	2015 Number of shares '000 (Note)	2014 Number of shares '000 (Note)
Issued ordinary shares at 1 April	**1,708,794**	1,135,919
Effect of issue of shares upon open offer (note 32(b)(ii))	**—**	138,889
Effect of issue of shares in lieu of cash dividends (note 32(b)(iii))	**7,006**	1,140
Effect of issue of shares upon warrants conversion (note 32(b)(iv))	**51**	—
Effect of issue of shares upon acquisition of additional interest in a subsidiary (note 32(b)(v))	**25,649**	—
Weighted average number of ordinary shares at 31 March	**1,741,500**	1,275,948

(b) *Diluted loss per share*

The calculation of diluted loss per share is based on the consolidated loss attributable to equity shareholders of the Company of $805,860,000 (2014: $429,081,000) and the weighted average of 1,741,500,000 ordinary shares (2014: 1,275,948,000 ordinary shares).

The calculation of diluted loss per share for the years ended 31 March 2015 and 2014 did not include the potential effects of deemed issuance of shares under the Company's share option scheme, warrants and convertible notes during the year as they have an anti-dilutive effect on the basic loss per share amount for the respective years.

Note: 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, every two issued and unissued ordinary shares of par value of $0.10 each in the 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 year ended 31 March 2014. Further details of the share consolidation are set out in the Company's announcement dated 3 June 2014.

14 FIXED ASSETS

(a) The Group

	Buildings held for own use $'000	Leasehold improvements $'000	Machinery $'000	Motor vehicles $'000	Furniture, fixtures and equipment $'000	Construction in progress $'000	Sub-total $'000	Interests in leasehold land held for own use under operating leases $'000	Total $'000
Cost:									
At 1 April 2014	1,591,393	82,287	300,736	46,677	138,376	326,776	2,486,245	1,792,504	4,278,749
Exchange adjustments	10,259	466	2,232	(69)	831	3,087	16,806	5,403	22,209
Additions	3,219	2,319	77,292	7,057	3,088	178,381	271,356	–	271,356
Reclassification	(34,178)	–	–	–	–	34,178	–	–	–
Transfer from construction in progress	253	–	21,190	–	–	(21,443)	–	–	–
Disposals	–	–	(15,087)	(2,732)	(730)	–	(18,549)	–	(18,549)
At 31 March 2015	1,570,946	85,072	386,363	50,933	141,565	520,979	2,755,858	1,797,907	4,553,765
Accumulated amortisation and depreciation:									
At 1 April 2014	199,851	67,089	144,566	27,054	85,874	–	524,434	107,496	631,930
Exchange adjustments	1,732	396	979	106	605	–	3,818	408	4,226
Charge for the year	55,180	3,222	30,041	5,971	16,540	–	110,954	38,371	149,325
Written back on disposals	–	–	(7,667)	(1,189)	(718)	–	(9,574)	–	(9,574)
At 31 March 2015	256,763	70,707	167,919	31,942	102,301	–	629,632	146,275	775,907
Impairment loss:									
At 1 April 2014	–	–	–	–	–	–	–	–	–
Charge for the year	–	–	–	–	–	2,884	2,884	–	2,884
At 31 March 2015	–	–	–	–	–	2,884	2,884	–	2,884
Net book value:									
At 31 March 2015	1,314,183	14,365	218,444	18,991	39,264	518,095	2,123,342	1,651,632	3,774,974

14 FIXED ASSETS (continued)

(a) The Group (continued)

	Buildings held for own use $'000	Leasehold improvements $'000	Machinery $'000	Motor vehicles $'000	Furniture, fixtures and equipment $'000	Construction in progress $'000	Sub-total $'000	Interests in leasehold land held for own use under operating leases $'000	Total $'000
Cost:									
At 1 April 2013	495,806	111,559	267,860	40,886	124,735	1,074,359	2,115,205	1,778,609	3,893,814
Exchange adjustments	7,810	1,801	4,044	407	1,932	18,419	34,413	13,895	48,308
Additions	–	3,105	9,532	9,460	11,316	324,208	357,621	–	357,621
Reclassification	34,178	(34,178)	–	–	–	–	–	–	–
Transfer from construction in progress	1,053,599	–	26,650	–	9,961	(1,090,210)	–	–	–
Disposals	–	–	(7,350)	(4,076)	(9,568)	–	(20,994)	–	(20,994)
At 31 March 2014	1,591,393	82,287	300,736	46,677	138,376	326,776	2,486,245	1,792,504	4,278,749
Accumulated amortisation and depreciation:									
At 1 April 2013	147,830	78,240	122,920	24,804	79,688	–	453,482	68,502	521,984
Exchange adjustments	2,605	890	2,261	266	1,344	–	7,366	563	7,929
Charge for the year	30,277	7,098	23,107	5,875	14,400	–	80,757	38,431	119,188
Reclassification	19,139	(19,139)	–	–	–	–	–	–	–
Written back on disposals	–	–	(3,722)	(3,891)	(9,558)	–	(17,171)	–	(17,171)
At 31 March 2014	199,851	67,089	144,566	27,054	85,874	–	524,434	107,496	631,930
Net book value:									
At 31 March 2014	1,391,542	15,198	156,170	19,623	52,502	326,776	1,961,811	1,685,008	3,646,819

14 FIXED ASSETS (continued)

(b) The Company

	Leasehold improvements $'000	Motor vehicles $'000	Furniture, fixtures and equipment $'000	Total $'000
Cost:				
At 1 April 2014	**3,176**	**5,680**	**1,648**	**10,504**
Additions	**—**	**—**	**27**	**27**
At 31 March 2015	**3,176**	**5,680**	**1,675**	**10,531**
Accumulated depreciation:				
At 1 April 2014	**3,120**	**5,680**	**1,433**	**10,233**
Charge for the year	**28**	**—**	**91**	**119**
At 31 March 2015	**3,148**	**5,680**	**1,524**	**10,352**
Net book value:				
At 31 March 2015	**28**	**—**	**151**	**179**

	Leasehold improvements $'000	Motor vehicles $'000	Furniture, fixtures and equipment $'000	Total $'000
Cost:				
At 1 April 2013	3,093	5,680	1,508	10,281
Additions	83	—	140	223
At 31 March 2014	3,176	5,680	1,648	10,504
Accumulated depreciation:				
At 1 April 2013	3,093	5,491	1,329	9,913
Charge for the year	27	189	104	320
At 31 March 2014	3,120	5,680	1,433	10,233
Net book value:				
At 31 March 2014	56	—	215	271

14 FIXED ASSETS (continued)

(c) At 31 March 2015, the Group had pledged interests in leasehold land and buildings with an aggregate carrying amount of $219,714,000 (2014: $231,284,000), as collateral against certain loans granted to the Group by several banks (note 27(i)).

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

	The Group	
	2015	2014
	$'000	$'000
Outside Hong Kong - medium-term lease	**2,965,815**	3,076,550
Representing:		
Buildings held for own use	**1,314,183**	1,391,542
Interests in leasehold land held for own use under operating leases	**1,651,632**	1,685,008
	2,965,815	3,076,550

(e) Fixed asset held under finance leases

The Group leases five (2014: three) motor vehicles under finance leases expiring in 2 to 5 years. At the end of the lease term, the Group has the option to purchase the leased motor vehicles at a price deemed to be a bargain purchase option. The leases do not include contingent rentals.

At the end of the reporting period, the net book value of motor vehicles held under finance leases of the Group was $5,799,000 (2014: $2,761,000).

15 INTANGIBLE ASSETS

The Group

	Hospital management service contract rights $'000	Operating rights of cord blood banks $'000	Total $'000
Cost:			
At 1 April 2013	918,089	209,033	1,127,122
Exchange adjustments	19,042	3,604	22,646
Disposal (note 33(a))	(404,796)	—	(404,796)
At 31 March 2014 and 1 April 2014	**532,335**	**212,637**	**744,972**
Exchange adjustments	**—**	**1,401**	**1,401**
At 31 March 2015	**532,335**	**214,038**	**746,373**
Accumulated amortisation:			
At 1 April 2013	114,761	37,007	151,768
Exchange adjustments	2,466	627	3,093
Charge for the year	27,779	7,099	34,878
Written-back on disposal (note 33(a))	(60,719)	—	(60,719)
At 31 March 2014 and 1 April 2014	**84,287**	**44,733**	**129,020**
Exchange adjustments	**—**	**331**	**331**
Charge for the year	**—**	**7,098**	**7,098**
At 31 March 2015	**84,287**	**52,162**	**136,449**
Impairment loss:			
At 1 April 2013	—	—	—
Charge for the year	448,048	—	448,048
At 31 March 2014 and 2015	**448,048**	**—**	**448,048**
Net book value:			
At 31 March 2015	**—**	**161,876**	**161,876**
At 31 March 2014	—	167,904	167,904

15 INTANGIBLE ASSETS (continued)

The amortisation charges for the years ended 31 March 2015 and 2014 are included in cost of sales in the consolidated income statement.

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

16 GOODWILL

	The Group	
	2015	2014
	$'000	$'000
Cost:		
At beginning of the year	**579,246**	571,222
Exchange adjustments	**3,119**	8,024
At end of the year	**582,365**	579,246

Impairment tests for cash-generating units containing goodwill

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

	2015	2014
	$'000	$'000
Medical devices	**506**	506
Cord blood storage	**66,663**	66,663
Hospital management	**476,503**	473,384
Hospital operation	**38,693**	38,693
	582,365	579,246

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

(Expressed in Hong Kong dollars unless otherwise indicated)

16 GOODWILL (continued)

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

Key assumptions used for value-in-use calculations:

	2015 %	2014 %
Gross margin		
Medical devices	**51.0**	61.0
Cord blood storage	**79.0**	80.0
Hospital management	**40.0**	57.0
Hospital operation	**50.6**	54.0
Growth rate		
Medical devices	**3.0**	6.2
Cord blood storage	**8.9**	8.9
Hospital management	**9.8**	7.9
Hospital operation	**4.0**	5.6
Discount rate		
Medical devices	**16.2**	16.2
Cord blood storage	**14.4**	14.4
Hospital management	**14.2**	12.0
Hospital operation	**13.5**	12.0

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

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

17 INTERESTS IN SUBSIDIARIES

(a) *Investments in subsidiaries*

	The Company	
	2015	2014
	$'000	$'000
Unlisted shares, at cost	**880,220**	717,734
Amounts due from subsidiaries, net	**2,927,872**	2,078,101
Convertible notes issued by subsidiaries (notes 30(b)(i) and (ii))	**—**	916,502
	3,808,092	3,712,337

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

(b) *Amounts due to subsidiaries*

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

(c) *Particulars of principal subsidiaries*

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

		Proportion of ownership interest				
Name of the Company	Place of establishment	Group's effective holding	Held by the Company	Held by subsidiaries	Issued/ registered capital	Principal activities
Jingjing (i)	The PRC	100.00%	—	100.00%	US$10,100,000	Manufacture and sale of medical devices
China Bright Group Co. Limited ("China Bright")	Hong Kong	100.00%	100.00%	—	149,423,167 shares	Investment holding and sale of medical devices
GM Hospital Group Limited ("GMHG") (v)	British Virgin Islands	100.00%	100.00%	—	US$100	Investment holding
GM Hospital Management (China) Company Limited ("GMHM(China)") (i)	The PRC	100.00%	—	100.00%	RMB80,000,000	Provision of hospital management services

(Expressed in Hong Kong dollars unless otherwise indicated)

17 INTERESTS IN SUBSIDIARIES (continued)

(c) Particulars of principal subsidiaries (continued)

Name of the Company	Place of establishment	Proportion of ownership interest: Group's effective holding	Held by the Company	Held by subsidiaries	Issued/ registered capital	Principal activities
GM Investment Company Limited ("GM Investment")	Hong Kong	100.00%	100.00%	—	1 share	Investment holding
Shanghai Baisuihang Pharmaceutical Company Limited (i)	The PRC	100.00%	—	100.00%	RMB150,000,000	Research and development, manufacture and sale of Chinese herbal medicines
Shanghai East International Medical Center ("SEIMC") (ii)	The PRC	56.00%	—	56.00%	US$5,250,000	Hospital operation
Beijing Qinghe Hospital Company Limited ("Qinghe Hospital Co.") (iii) & (vi)	The PRC	82.73%	—	82.73%	RMB150,000,000	Hospital management and operation
Golden Meditech (Shanghai) Company Limited (i)	The PRC	100.00%	—	100.00%	US$10,000,000	Software design and production of medical equipments
GM-Medicare Management (China) Company Limited (i) ("GMHM(China)")	The PRC	70.00%	—	100.00%	US$15,000,000	Provision of medical insurance administration services
China Cord Blood Corparation ("CCBC") (iv)	Cayman Islands	41.95%	—	41.95%	US$7,314	Investment holding
Beijing Jiachenhong (i) & (iv)	The PRC	41.95%	—	100.00%	RMB280,000,000	Provision of cord blood storage service
Guangzhou Nuoya (i) & (iv)	The PRC	41.95%	—	100.00%	RMB90,000,000	Provision of cord blood storage service
Zhejiang Lukou Biotechnology Company Limited (iii) & (iv)	The PRC	37.76%	—	90.00%	RMB50,000,000	Provision of cord blood storage service

17 INTERESTS IN SUBSIDIARIES (continued)

(c) Particulars of principal subsidiaries (continued)

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

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

(iii) These subsidiaries are PRC domestic enterprises.

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

(v) With the completion of acquisition of remaining 17.33% equity interest in GMHG from non-controlling interest shareholders as mentioned in note 33(a), the Group's effective interest in GMHG increased to 100% as at 31 March 2015.

(vi) With the completion of acquisition of remaining 30% equity interest in Beijing Guohua Jiedi Hospital Management Company Limited ("Beijing Guohua Jiedi"), which owns 82.73% equity interest in Qinghe Hospital Co., as mentioned in note 33(b) and the completion of remaining 17.33% interests in GMHG as mentioned in note (v) above, the Group's effective interest in Qinghe Hospital Co. increased to 82.73% as at 31 March 2015.

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

17 INTERESTS IN SUBSIDIARIES (continued)

(d) *Non-controlling interests in subsidiaries*

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

	2015				
	SEIMC $'000	Qinghe Hospital $'000	CCBC $'000	Other individually immaterial subsidiaries $'000	Total $'000
NCI percentage	44.00%	17.27%	58.05%		
Current assets	131,051	54,867	3,304,746		
Non-current assets	3,586	1,998,198	1,893,881		
Current liabilities	(27,185)	(1,063,526)	(474,822)		
Non-current liabilities	(1,547)	—	(3,354,610)		
Net assets	105,905	989,539	1,369,195		
Carrying amount of NCI	46,598	170,893	840,880	(11,395)	1,046,976
Revenue	63,442	—	800,555		
Profit/(loss) for the year	13,535	(76,886)	(118,833)		
Total comprehensive income	14,210	(76,334)	(134,135)		
Profit/(loss) allocated to NCI	5,955	(17,293)	(68,983)	4,744	(75,577)
Dividend paid to NCI	—	—	—	—	—
Cash flows generated from/ (used in) operating activities	8,781	(11,939)	816,480		
Cash flows used in investing activities	(13,041)	(111,251)	(38,674)		
Cash flows generated from/ (used in) financing activities	—	132,010	(68,162)		

17 INTERESTS IN SUBSIDIARIES (continued)

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

	2014			
	GMHG $'000	CCBC $'000	Other individually immaterial subsidiaries $'000	Total $'000
NCI percentage	17.33%	58.05%		
Current assets	143,791	2,576,169		
Non-current assets	1,985,882	1,976,243		
Current liabilities	(1,739,533)	(449,257)		
Non-current liabilities	(2,716)	(2,621,339)		
Net assets	387,424	1,481,816		
Carrying amount of NCI	451,340	906,650	(367)	1,357,623
Revenue	71,181	722,167		
Loss for the year	(759,315)	(194,656)		
Total comprehensive income	(741,876)	(88,610)		
Loss allocated to NCI	(162,956)	(112,998)	(7,829)	(283,783)
Dividend paid to NCI	12,834	—	—	12,834
Cash flows generated from operating activities	61,180	721,370		
Cash flows used in investing activities	(146,690)	(168,261)		
Cash flows generated from/ (used in) financing activities	37,588	(63,387)		

18 NON-CURRENT ASSETS CLASSIFIED AS HELD FOR SALE

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

On 22 March 2014, GM Investment, a 100% owned subsidiary of the Company, entered into a conditional sales and purchase agreement with Sanpower Group Limited* (三胞集團有限公司) ("Sanpower") (the "Fortress SPA") to sell its entire interest in Fortress, representing approximately 27.9% of the issued share capital of Fortress, for a consideration of approximately US$101,264,000 (equivalent to approximately $789,863,000) (the "Disposal").

Completion of the Fortress SPA is conditional upon, among other things, the satisfaction of certain conditions, including but not limited to the completion of the agreement in relation to the disposal of a controlling shareholding interest in Fortress ("PAG Agreement") entered into by PAG Asia I LP, a controlling shareholder of Fortress, and Sanpower.

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

Upon completion of the Disposal, the Group will not hold any interest in Fortress and Fortress will cease to be an associate of the Group. Accordingly, the Group reclassified its interest in an associate as "non-current assets classified as held for sale" and transferred exchange reserve 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.

In July 2014, GM Investment was informed that the PAG Agreement has not been completed and therefore, Fortress SPA would not proceed as contemplated. The Company has not been informed of the reasons why PAG Agreement is not completed.

Thereafter, the Group agreed to proceed with the sale of Fortress's 100% equity interest in Funtalk China Holdings Limited ("Funtalk", the only operating entity under Fortress) to Sanpower, as the Group has been informed that a dispute has arisen between two of the shareholders of Fortress and such dispute remains unresolved as at the date of this report.

In June 2015, GM Investment received a notice from a senior security holder of Fortress of its intention to exercise the put option, pursuant to a shareholder agreement entered into by GM Investment and the other shareholders of Fortress on 25 August 2011, to repurchase the outstanding senior obligation of Fortress. However, as confirmed from the notice, no further claim against GM Investment if GM Investment decides to forfeit and transfer its entire equity interest in Fortress to the said senior security holder of Fortress.

18 NON-CURRENT ASSETS CLASSIFIED AS HELD FOR SALE (continued)

As a result, the Company is currently in discussion with Fortress and negotiation with the senior security holder of Fortress and is also gathering additional information to assess situation and potential recoverability. The Company will continue to evaluate alternatives to maximise the recovery of the Group's interest in Fortress. With information available at this stage, the Company has made an impairment provision of $759,934,000 on its "non-current assets classified as held for sale" in the year ended 31 March 2015.

* English name is for identification purpose only.

19 AVAILABLE-FOR-SALE SECURITIES

	The Group	
	2015	2014
	$'000	$'000
Non-current		
Equity securities		
Listed outside Hong Kong	**158,964**	181,558
Unlisted	**305,294**	360,878
Less: Impairment loss (ii)	**—**	(25,374)
	464,258	517,062
Debt securities		
Unlisted	**18,881**	1,950
	483,139	519,012
Current		
Equity securities		
Unlisted (i)	**89,241**	—
Less: Impairment loss (ii)	**(25,374)**	—
	63,867	—

(i) The board of directors committed to dispose certain unlisted available-for-sale equity securities of the Group within the following twelve months. Therefore, such investment was classified as current assets as at 31 March 2015.

(ii) As at 31 March 2015 and 2014, certain unlisted available-for-sale equity securities of the Group were individually determined to be impaired. For the year ended 31 March 2014, impairment loss of $25,374,000 was recognised in profit or loss in accordance with the accounting policy set out in note 2(l)(i).

20 INVENTORIES

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

	The Group	
	2015	2014
	$'000	$'000
Non-current		
Capitalised processing costs of donated umbilical cord blood units (i)	**73,074**	60,212
Current		
Raw materials	**24,973**	29,894
Work in progress	**5,755**	6,265
Finished goods	**6,870**	10,807
	37,598	46,966
	110,672	107,178

(i) The Group collects, tests, freezes and stores donated umbilical cord blood unit for future transplantation or research purposes in return for a fee. Collection, testing and processing costs attributable to the processing of donated umbilical cord blood unit are capitalised as inventories, and recognised as cost of sales when revenue is recognised upon successful match of the donated umbilical cord blood units.

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

	The Group	
	2015	2014
	$'000	$'000
Carrying amount of inventories sold and consumed	**265,328**	257,399

21 NON-CURRENT TRADE AND OTHER RECEIVABLES

	The Group	
	2015	2014
	$'000	$'000
Trade receivables (note 23)	**246,088**	283,822
Investment deposits (i)	**262,544**	266,320
Prepayments and deposits	**41**	381
	508,673	550,523

(i) Investment deposits as at 31 March 2015 and 2014 represent refundable earnest money for potential healthcare investments.

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

	The Group	
	2015	2014
	$'000	$'000
Fiscal year ending 31 March		
2016	**—**	38,167
2017	**39,914**	37,735
2018	**39,116**	37,011
2019	**36,910**	34,797
2020 and thereafter (for 2014)	**37,448**	264,533
2021 and thereafter (for 2015)	**233,267**	—
Less: Unearned interest income	**(70,617)**	(74,673)
Allowance for doubtful debts (note 23(b))	**(69,950)**	(53,748)
	246,088	283,822

22 TRADING SECURITIES

	The Group	
	2015	2014
	$'000	$'000
Equity securities listed in Hong Kong	**79,586**	86,320
Debt securities listed in Hong Kong	**19,359**	—
	98,945	86,320

23 TRADE AND OTHER RECEIVABLES

	The Group		The Company	
	2015	2014	**2015**	2014
	$'000	$'000	**$'000**	$'000
Trade receivables	**566,503**	620,546	**—**	—
Less: Allowance for doubtful debts (note 23(b))	**(109,173)**	(81,800)	**—**	—
	457,330	538,746	**—**	—
Representing:				
Non-current (note 21)	**246,088**	283,822	**—**	—
Current	**211,242**	254,924	**—**	—
Prepayments and deposits	**19,232**	19,098	**—**	—
Other receivables	**75,582**	49,441	**7,681**	7,728
Tax recoverable (note 29(a))	**—**	14,791	**—**	—
Total current trade and other receivables	**306,056**	338,254	**7,681**	7,728

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

23 TRADE AND OTHER RECEIVABLES (continued)

(a) Ageing analysis

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

	The Group	
	2015	2014
	$'000	$'000
Neither past due nor impaired	**249,368**	335,555
Past due (net of allowance for doubtful debts)		
Within six months	**47,632**	53,098
Between seven and twelve months	**38,596**	51,510
Over one year	**121,734**	98,583
	207,962	203,191
	457,330	538,746

The Group's credit policy is set out in note 35(a).

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

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

23 TRADE AND OTHER RECEIVABLES (continued)

(b) Impairment of trade receivables

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

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

	The Group	
	2015	2014
	$'000	$'000
At beginning of the year	**81,800**	63,826
Exchange adjustments	**678**	1,074
Impairment loss recognised	**32,028**	85,431
Amounts written-off	**(5,333)**	(68,531)
At end of the year	**109,173**	81,800

24 TIME DEPOSITS

	The Group		The Company	
	2015	2014	**2015**	2014
	$'000	$'000	**$'000**	$'000
Deposits with original maturities over three months	**69,682**	86,260	**—**	—
Pledged bank deposits (i)	**16,487**	—	**16,487**	—
	86,169	86,260	**16,487**	—

(i) The balance represents bank deposits of $16,487,000 (2014: $nil) which was pledged for interest-bearing borrowings as at 31 March 2015 (note 27(iii)).

25 CASH AND CASH EQUIVALENTS

(a) Cash and cash equivalents comprise:

	The Group		The Company	
	2015	2014	**2015**	2014
	$'000	$'000	**$'000**	$'000
Cash and cash equivalents in the statement of financial position and cash flow statement	**3,959,389**	2,711,714	**555,530**	91,592

25 CASH AND CASH EQUIVALENTS (continued)

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

	Note	2015 $'000	2014 $'000
Loss before taxation		**(801,960)**	(744,024)
Adjustments for:			
Interest income from bank deposits	5	**(16,305)**	(11,373)
Dividend income from trading securities	5	**(1,385)**	(3,601)
Dividend income from available-for-sale securities	5	**(2,953)**	(12,412)
Depreciation of property, plant and equipment	7(c)	**110,954**	80,757
Amortisation of land lease premium	7(c)	**38,371**	38,431
Amortisation of intangible assets	7(c)	**7,098**	34,878
Impairment loss on trade receivables	7(c)	**32,028**	85,431
Impairment loss on non-current assets classified as held for sale	7(c)	**759,934**	—
Impairment loss on available-for-sale equity securities	7(c)	**—**	25,374
Impairment loss on intangible assets	7(c)	**—**	448,048
Impairment loss on fixed assets	7(c)	**2,884**	—
Equity settled share-based payment expenses	7(b)	**20,838**	—
Net realised and unrealised losses on trading securities	6	**6,409**	32,173
Net loss/(gain) on disposal of property, plant and equipment	6	**7,628**	(77)
Finance costs	7(a)	**75,354**	33,384
Changes in fair value of financial liabilities at fair value through profit or loss	30(ii)	**255,425**	353,208
Net exchange (gain)/loss		**(400)**	7,607
Share of profits of an associate		**—**	(39,573)
Loss on deemed disposal of partial interest in an associate	18	**—**	33,072
Share of losses of a joint venture		**—**	60,932
Effects of foreign exchange rates		**5,023**	2,962
Operating profit before changes in working capital		**498,943**	425,197
Decrease in trade and other receivables		**30,544**	13,206
Increase in inventories		**(2,713)**	(25,877)
Increase in trade and other payables		**98,588**	98,674
Increase in deferred income		**377,046**	400,516
Cash generated from operations		**1,002,408**	911,716

26 TRADE AND OTHER PAYABLES

	The Group		The Company	
	2015	2014	**2015**	2014
	$'000	$'000	**$'000**	$'000
Non-current				
Other payables and accrued expenses	**273,134**	206,516	**—**	—
Consideration payable (note 33(b))	**50,000**	—	**—**	—
	323,134	206,516	**—**	—
Current				
Trade payables	**124,864**	130,781	**—**	—
Construction costs payables	**108,868**	126,168	**—**	—
Other payables and accrued expenses	**204,292**	170,139	**11,545**	6,734
Consideration payable (note 33(b))	**50,000**	—	**—**	—
Dividends payable to equity shareholders of the Company	**—**	36	**—**	36
	488,024	427,124	**11,545**	6,770
	811,158	633,640	**11,545**	6,770

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

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

	The Group	
	2015	2014
	$'000	$'000
Due within three months or on demand	**124,864**	130,781

27 INTEREST-BEARING BORROWINGS

At 31 March 2015 and 2014, the interest-bearing borrowings were repayable as follows:

	The Group		The Company	
	2015	2014	**2015**	2014
	$'000	$'000	**$'000**	$'000
Within one year or on demand	**202,711**	765,955	**—**	296,400
After one year but within five years	**749,913**	77,249	**749,913**	77,249
	952,624	843,204	**749,913**	373,649

At 31 March 2015 and 2014, the interest-bearing borrowings were secured as follows:

	The Group		The Company	
	2015	2014	**2015**	2014
	$'000	$'000	**$'000**	$'000
Secured bank loans	**202,711**	575,034	**—**	373,649
Unsecured bank loans	**749,913**	—	**749,913**	
Unsecured loan from a third party	**—**	268,170	**—**	—
	952,624	843,204	**749,913**	373,649

27 INTEREST-BEARING BORROWINGS (continued)

(i) As at 31 March 2015, the bank loans of certain subsidiaries under certain bank facilities of $202,711,000 (2014: $201,385,000) are secured by interests in leasehold land and buildings as detailed in note 14(c).

(ii) The bank loan of the Company of $373,649,000 as at 31 March 2014 was secured by the convertible notes of face value of US$50,000,000 issued by CCBC and the ordinary shares in CCBC issued to the Company upon and as a result of any conversion of the convertible notes in accordance with the terms of the convertible notes. The loan is measured at amortised cost net of transaction costs paid. The Company has repaid the loan in full in April 2014 from the drawdown 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, 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 drawdown were used to fully repay the bank loan as mentioned in (ii) above and the unsecured loan from a third party. The loan of $749,913,000 as at 31 March 2015 was measured at amortised cost net of transaction costs paid.

Pursuant to the new facility agreement, the Company shall maintain interest reserve accounts for the new facility and ensure that an amount of not less than twice of the aggregate interest due and payable on the next interest payment date is maintained in the interest reserve accounts. As at 31 March 2015, bank deposits of $16,487,000 (2014: $nil) were deposited in the interest reserve accounts as disclosed in note 24.

(iv) Bank loans of the Group totalling $876,608,000 (2014: $496,870,000) are subject to the fulfillment of covenants relating to certain of the Group's consolidated financial statements ratios and a subsidiary's financial statements ratios as are commonly found in lending arrangements with financial institutions. If the Group or the subsidiary were to breach the covenants, the drawn down facilities would become payable on demand. The Group regularly monitors its compliance with these covenants. During the years ended and as at 31 March 2015 and 2014, none of the covenants relating to drawn down facilities had been breached. Further details of the Group's management of liquidity risk are set out in note 35(b).

28 OBLIGATIONS UNDER FINANCE LEASES

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

	2015		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	**1,482**	**1,567**	1,306	1,385
After one year but within two years	**776**	**835**	914	942
After two years but within five years	**1,302**	**1,391**	265	274
	2,078	**2,226**	1,179	1,216
	3,560	**3,793**	2,485	2,601
Less: Total future interest expenses		**(233)**		(116)
Present value of lease obligations		**3,560**		2,485

29 INCOME TAX IN THE CONSOLIDATED STATEMENT OF FINANCIAL POSITION

(a) Income tax payables in the consolidated statement of financial position represents:

	The Group	
	2015	2014
	$'000	$'000
At beginning of the year	**44,598**	75,739
Exchange adjustments	**1,289**	1,430
Provision for the year	**86,869**	77,517
Tax paid	**(76,010)**	(110,088)
Tax refund received	**22,992**	—
At end of the year	**79,738**	44,598

Reconciliation to the consolidated statement of financial position:

	The Group	
	2015	2014
	$'000	$'000
Income tax payables	**79,738**	59,389
Tax recoverable (note 23)	**—**	(14,791)
	79,738	44,598

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

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

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

The Group

	Depreciation/ amortisation allowance in excess of the related depreciation/ amortisation $'000	Intangible assets $'000	Allowance for doubtful debts $'000	Capitalised interests $'000	Withholding tax on dividends $'000	Others $'000	Total $'000
At 1 April 2013	156,626	204,457	(13,628)	—	—	(7,116)	340,339
Exchange adjustments	2,706	4,204	(269)	(11)	(16)	(88)	6,526
(Credited)/charged to the consolidated income statement (note 8(a))	(4,417)	(117,694)	(3,952)	8,533	6,461	2,392	(108,677)
Credited to other reserves (note 33(a))	—	(86,019)	—	—	—	—	(86,019)
At 31 March 2014 and 1 April 2014	**154,915**	**4,948**	**(17,849)**	**8,522**	**6,445**	**(4,812)**	**152,169**
Exchange adjustments	**115**	**5**	**(10)**	**2**	**1**	**(7)**	**106**
(Credited)/charged to the consolidated income statement (note 8(a))	**(2,910)**	**(748)**	**(5,991)**	**(306)**	**6,588**	**(4,025)**	**(7,392)**
At 31 March 2015	**152,120**	**4,205**	**(23,850)**	**8,218**	**13,034**	**(8,844)**	**144,883**

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

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

(ii) *Reconciliation to the consolidated statement of financial position:*

	The Group	
	2015	2014
	$'000	$'000
Net deferred tax assets recognised in the consolidated statement of financial position	**(18,261)**	(13,588)
Net deferred tax liabilities recognised in the consolidated statement of financial position	**163,144**	165,757
	144,883	152,169

(c) Deferred tax assets not recognised

In accordance with the accounting policy set out in note 2(t), the Group has not recognised deferred tax assets in respect of cumulative tax losses of $1,088,670,000 (2014: $847,216,000) as it is not probable that future taxable profits against which the losses can be utilised will be available in the relevant tax jurisdiction and entity. Cumulative tax losses of $752,109,000 (2014: $650,510,000) do not expire under the current tax legislation, while cumulative tax losses amounting to $336,561,000 (2014: $196,706,000) will expire in five years under the current tax legislation.

(d) Deferred tax liabilities not recognised

As at 31 March 2015, deferred tax liabilities of $13,034,000 (2014: $6,445,000) have been recognised in respect of the withholding tax payable on the distribution of 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.

As at 31 March 2015, temporary differences relating to the undistributed profits of the Group's PRC subsidiaries amounted to $1,973,027,000 (2014: $1,712,716,000). Deferred tax liabilities of $197,303,000 (2014: $171,272,000) have not been recognised in respect of the withholding tax that would be payable on the distribution of these retained profits as the Company controls the dividend policy of these subsidiaries and it has been determined that it is probable that profits will not be distributed in the foreseeable future.

30 FINANCIAL LIABILITIES AT FAIR VALUE THROUGH PROFIT OR LOSS

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

	The Group		The Company	
	2015	2014	**2015**	2014
	$'000	$'000	**$'000**	$'000
Convertible notes				
– issued by the Company	**146,669**	—	**146,669**	—
– issued by a subsidiary	**1,688,599**	773,011	**—**	—
	1,835,268	773,011	**146,669**	—

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

	The Group		The Company	
	2015	2014	**2015**	2014
	$'000	$'000	**$'000**	$'000
At beginning of the year	**773,011**	613,967	**—**	128,763
Issuance of convertible notes by the Company (note 30(a)(i))	**155,220**	—	**155,220**	—
Deemed issuance of convertible notes by a subsidiary (note 30(b)(ii))	**687,102**	—	**—**	—
Interest paid on convertible notes	**(35,490)**	(36,730)	**—**	(1,240)
Changes in fair value of financial liabilities at fair value through profit or loss	**255,425**	353,208	**(8,551)**	98,189
Exercise of a portion of written put and compensation options issued by the Company	**—**	—	**—**	(68,278)
Redemption of convertible notes issued by the Company (note 30(a)(ii))	**—**	(157,434)	**—**	(157,434)
At end of the year	**1,835,268**	773,011	**146,669**	—

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

As at 31 March 2015, the total excess of the fair values of convertible notes upon initial recognition determined using unobservable inputs over the transaction prices of $54,140,000 (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.

(a) Convertible notes issued by the Company

(i) Convertible Notes due 2017

On 22 October 2014, the Company entered into a convertible notes subscription agreement with Gem Power International Limited, which is indirectly owned by CCB International (Holdings) Limited, for the issuance of a principal amount of US$20,000,000 (equivalent to approximately $156,000,000), redeemable convertible notes due 2017 (the "Convertible Notes due 2017"). In November 2014, the Company received net proceeds of $155,220,000, net of $780,000 handling fee. The notes bear interest at 5% per annum and are guaranteed by five subsidiaries of the Company, namely China Bright, GMHG, GM Hospital Investment Ventures Company Limited, GM Hospital Management Company Limited and Golden Meditech Stem Cells (BVI) Company Limited.

The rights of the noteholders to convert the notes into ordinary shares of the Company of par value of $0.20 are as follows:

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

– If a noteholder exercises his conversion rights, the Company is required to deliver its ordinary shares initially at $1.40 per share, subject to adjustments under certain terms and conditions of the Convertible Notes due 2017.

Unless previously redeemed or converted, the Convertible Notes due 2017 will be redeemed at face value on 13 November 2017. Pursuant to the terms of the Convertible Notes due 2017, the noteholders at any time starting from the first day of the second anniversary year after the completion date on 13 November 2014, shall have the right to require the Company to redeem the convertible notes.

As at 31 March 2015, the excess of the fair value of the Convertible Notes due 2017 upon initial recognition determined using unobservable inputs over the transaction price of $37,143,000 has been deferred and has not yet been recognised in the Company's and the Group's profit or loss and the Convertible Notes due 2017 with a principal amount of US$20,000,000 (equivalent to approximately $156,000,000) remained outstanding.

Further details of the Convertible Notes due 2017 are set out in the Company's announcement dated 22 October 2014.

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

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

(ii) Convertible Notes due 2014

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

The terms and conditions of such 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 par value of $0.10 each of the Company are as follows:

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

– If a noteholder exercises his conversion rights, the Company is required to deliver its ordinary shares initially at US$0.1601 per share, subject to adjustments under certain terms and conditions of the convertible notes. The terms and conditions of adjustments to the conversion price were subsequently amended on 20 January 2012, as agreed between the Company and the noteholders.

Unless previously redeemed or converted, the convertible notes of the July Issue and the September Issue will be redeemed at face value on 20 July 2014 and 9 September 2014 respectively. Pursuant to the terms of convertible notes, the noteholders shall have the right to require the Company to redeem the convertible notes on 20 January 2013, which was subsequently extended to 20 January 2013 upon the amendment of terms on 3 January 2013.

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

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

(ii) Convertible Notes due 2014 (continued)

Upon the closing of the issuance of the Convertible Notes due 2014, the Company has issued, by way of bonus, warrants to the noteholders to subscribe for 19,080,000 and 29,002,000 ordinary shares of the Company of par value of $0.10 each, at an exercise price of US$0.1747 per share, respectively. The warrants are exercisable at any time up to 20 July 2014 and 9 September 2014 respectively at the noteholders' option.

Upon the exercise of the Subscription Option on 14 June 2010, the Company issued additional convertible notes with an aggregate principal amount of US$1,000,000 (equivalent to approximately $7,800,000) and has also issued by way of bonus, warrants to the 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.

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 due 2014 in an aggregate principal amount of US$10,600,000 (equivalent to approximately $82,680,000) plus accrued interest and any additional interest for 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 due 2014 at the Early Redemption Amount of $157,434,000 in cash.

As at 31 March 2015, all warrants held by the noteholders of the Convertible Notes due 2014 were lapsed.

Further details of the Convertible Notes due 2014 and warrants and amendments to the terms and conditions of the Convertible Notes due 2014 are respectively 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.

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

(b) Convertible notes issued by subsidiaries

(i) Convertible notes issued by GMHG

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

The rights of the noteholder to convert the notes into ordinary shares of GMHG are as follows:

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

– If a noteholder exercises his conversion rights, GMHG is required to deliver GMHG's ordinary shares initially at US$1,778.10 per share, subject to adjustments under certain terms and conditions of the convertible notes.

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

Unless previously redeemed or converted, the convertible notes shall be redeemed at face value on 30 October 2014. Pursuant to the terms of convertible notes, the noteholders at any time starting from the first day of the 37th month after the completion date on 30 October 2009, shall have the right to require GMHG to redeem the convertible notes.

On 24 August 2012, the Company entered into an agreement with the then noteholder, Hope Sky Investments Limited ("Hope Sky") to acquire the entire US$28,000,000 (equivalent to approximately $218,400,000) convertible notes issued by GMHG. The consideration of the purchase of the convertible notes was settled by the issuance of 279,344,444 newly issued ordinary shares of the Company of par value of $0.10 each. A gain on extinguishment of the financial liabilities of approximately $55,399,000, being the difference of the fair value of convertible notes and the fair value of issued ordinary shares on the transaction date, was recognised and included in the changes in fair value of financial liabilities at fair value through profit or loss. Accordingly, the carrying amount of the convertible notes issued by GMHG have been fully eliminated in the consolidated statement of financial position as at 31 March 2014.

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

(b) Convertible notes issued by subsidiaries (continued)

(i) Convertible notes issued by GMHG (continued)

On maturity date, the Company determined not to exercise the conversion rights. In the Company's statement of financial position, the convertible notes are transferred to amounts due from subsidiaries within investments in subsidiaries and the excess of the fair value of convertible notes upon initial recognition determined using unobservable inputs over the transaction price of $55,399,000 has been recognised in the Company's profit or loss upon maturity.

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

(ii) Convertible notes issued by CCBC

On 27 April 2012 and 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.

– 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 above convertible notes will be redeemed at face value on 27 April 2017 and 3 October 2017 respectively.

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

(b) Convertible notes issued by subsidiaries (continued)

(ii) Convertible notes issued by CCBC (continued)

On 25 August 2014, the Company entered into a sale and purchase agreement with Magnum Opus International Holdings Limited ("Magnum", which is controlled by Mr. Kam Yuen, Chairman of the Company and CCBC) 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 (the "Disposed CCBC Convertible Notes"), 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, and was completed on 10 November 2014. Following the disposal of such convertible notes to Magnum and CGL, the Disposed CCBC Convertible Notes were no longer eliminated in the Group's consolidated financial statements.

Accordingly, in the Company's statement of financial position, the Disposed CCBC Convertible Notes were derecognised and the excess of the transaction price over the fair value of the Disposed CCBC convertible notes upon initial recognition determined using unobservable inputs of $6,403,000 has been recognised in the Company's profit or loss upon disposal.

In addition, as at 31 March 2015, the total excess of the fair values of the convertible notes issued by CCBC upon initial recognition determined using unobservable inputs over the transaction prices of $16,997,000 (2014: $23,400,000) has been deferred and has not been recognised in the Group's profit or loss.

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

31 DEFERRED INCOME

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

	The Group	
	2015	2014
	$'000	$'000
Prepayments by customers prior to completion of cord blood stem cell processing service	**110,600**	117,807
Unearned storage fees	**1,561,619**	1,166,946
	1,672,219	1,284,753
Representing:		
Current	**279,341**	247,722
Non-current	**1,392,878**	1,037,031
	1,672,219	1,284,753

32 CAPITAL, RESERVES AND DIVIDENDS

(a) Movements in components of equity

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

	Note	Share capital $'000	Share premium $'000	Capital redemption reserve $'000	Capital reserve $'000	Retained profits $'000	Total $'000
Balance at 1 April 2014		**341,759**	**2,275,066**	**11,679**	**30,172**	**772,833**	**3,431,509**
Changes in equity for the year ended 31 March 2015:							
Profit and total comprehensive income for the year	11	**—**	**—**	**—**	**—**	**32,727**	**32,727**
Shares issued in lieu of cash dividends	32(b)(iii)	**2,319**	**11,590**	**—**	**—**	**(95,931)**	**(82,022)**
Share issued upon warrants conversion	32(b)(iv)	**19**	**117**	**—**	**—**	**—**	**136**
Shares issued upon acquisition of additional interest in a subsidiary	32(b)(v)	**15,475**	**82,017**	**—**	**—**	**—**	**97,492**
Balance at 31 March 2015		**359,572**	**2,368,790**	**11,679**	**30,172**	**709,629**	**3,479,842**

	Note	Share capital $'000	Share premium $'000	Capital redemption reserve $'000	Capital reserve $'000	Retained profits $'000	Total $'000
Balance at 1 April 2013		227,184	1,814,652	11,679	30,172	760,792	2,844,479
Changes in equity for the year ended 31 March 2014:							
Profit and total comprehensive income for the year	11	—	—	—	—	41,575	41,575
Shares issued upon open offer	32(b)(ii)	113,920	455,678	—	—	—	569,598
Shares issued in lieu of cash dividends	32(b)(iii)	655	4,736	—	—	(29,534)	(24,143)
Balance at 31 March 2014		341,759	2,275,066	11,679	30,172	772,833	3,431,509

32 CAPITAL, RESERVES AND DIVIDENDS (continued)

(b) Share capital

		2015		2014	
	Note	**Number of shares '000**	**Amount $'000**	Number of shares '000	Amount $'000
Authorised:					
Ordinary shares of $0.10 each		**—**	**—**	4,000,000	400,000
Ordinary shares of $0.20 each	(i)	**3,000,000**	**600,000**	—	—
Issued and fully paid:					
At beginning of the year		**3,417,587**	**341,759**	2,271,838	227,184
Effect of share consolidation	(i)	**(1,708,794)**	**—**	—	—
Shares issued upon open offer	(ii)	**—**	**—**	1,139,196	113,920
Shares issued in lieu of cash dividends	(iii)	**11,595**	**2,319**	6,553	655
Shares issued upon warrants conversion	(iv)	**97**	**19**	—	—
Shares issued upon acquisition of additional interest in a subsidiary	(v)	**77,374**	**15,475**	—	—
At end of the year		**1,797,859**	**359,572**	3,417,587	341,759

32 CAPITAL, RESERVES AND DIVIDENDS (continued)

(b) Share capital (continued)

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

(i) 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) Shares 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 17 November 2014, 2,494,858 new ordinary shares of par value of $0.20 each at an issue price of $1.2578 per share were issued by the Company as final dividend for the year ended 31 March 2014 (note 32(d)), which was approved by shareholders at the annual general meeting of the Company on 19 September 2014. Accordingly, $499,000 was credited to share capital and $2,639,000 was credited to share premium.

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 (note 32(d)), 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.

32 CAPITAL, RESERVES AND DIVIDENDS (continued)

(b) Share capital (continued)

(iii) Shares issued in lieu of cash dividends (continued)

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 tradeable 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 year ended 31 March 2015, 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.

There are 310,592,366 Warrants outstanding and exercisable at 31 March 2015. The Warrants outstanding at 31 March 2015 had an exercise price of $1.40 per share and a weighted average remaining contractual life of four months.

(v) Shares issued upon acquisition of additional interest in a subsidiary

On 7 November 2014, the Company entered into share acquisition agreements to acquire the remaining equity interest of GMHG (note 33(a)). As consideration for the acquisition, the Company issued 77,374,256 new ordinary shares of par value of $0.20 each at an issue price of $1.26 per share to the vendors. Accordingly, $15,475,000 was credited to share capital and $82,017,000 was credited to the share premium.

32 CAPITAL, RESERVES AND DIVIDENDS (continued)

(c) Reserves

Nature and purpose of reserves:

(i) Share premium

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

(ii) Capital redemption reserve

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

(iii) Capital reserve

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

(iv) Merger reserve

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

(v) Exchange reserve

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

32 CAPITAL, RESERVES AND DIVIDENDS (continued)

(c) Reserves (continued)

(vi) Surplus reserve

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

(vii) Fair value reserve

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

(viii) Other reserves

The followings are charged/credited to other reserves:

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

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

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

32 CAPITAL, RESERVES AND DIVIDENDS (continued)

(d) Dividends and distributability of reserves

At 31 March 2015, the aggregate amount of reserves available for distribution to equity shareholders of the Company was $3,078,419,000 (2014: $3,047,899,000).

At the meeting of the board of directors held on 30 June 2015, the board of directors recommended the payment of a final dividend of $0.013 per ordinary share of par value of $0.20 for the year ended 31 March 2015 (the "2015 Final Dividend"). Shareholders will be given an option to receive the 2015 Final Dividend in cash or an allotment of scrip shares in lieu of cash (the "Scrip Dividend Arrangement"). The Scrip Dividend Arrangement is subject to: (1) the approval of the proposed the 2015 Final Dividend and Scrip Dividend Arrangement at the forthcoming annual general meeting; and (2) the Stock Exchange granting the listing of and permission to deal in the new shares to be allotted and issued under the Scrip Dividend Arrangement. The 2015 Final Dividend has not been recognised as a liability at the end of the reporting period.

At the annual general meeting held on 19 September 2014, the board of directors recommended and shareholders approved the payment of a final dividend for the year ended 31 March 2014 of $0.026 per ordinary share of par value of $0.20 each (the "2014 Final Dividend"). Shareholders were given an option to receive the final dividend in cash or an allotment of scrip shares in lieu of cash. Full details of the 2014 Final Dividend were set out in the Company's circulars dated 21 July 2014 and 14 October 2014.

At the extraordinary general meeting of the Company held on 3 June 2014, the board of directors recommended and shareholders approved the payment of a special dividend of $0.03 per ordinary share of par value of $0.20 each (the "Special Dividend"). Shareholders were provided with an option to receive the special dividend in cash or an allotment of scrip shares in lieu of cash. Full details of the Special Dividend were set out in the Company's circulars dated 9 May 2014 and 19 June 2014.

32 CAPITAL, RESERVES AND DIVIDENDS (continued)

(e) Capital management

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

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

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

During the year ended 31 March 2015, the Group's strategy, which was unchanged from 2014, was to maintain a stable debt-to-capital ratio. In order to maintain or adjust the ratio, the Group may adjust the amount of dividends paid to shareholders, issue new shares, return capital to shareholders, raise new debt financing or sell assets to reduce debt.

The debt-to-capital ratios at 31 March 2015 and 2014 were as follows:

		The Group		The Company	
	Note	**2015 $'000**	2014 $'000	**2015 $'000**	2014 $'000
Interest-bearing borrowings	27	**952,624**	843,204	**749,913**	373,649
Obligations under finance leases	28	**3,560**	2,485	**—**	—
Financial liabilities at fair value through profit or loss	30	**1,835,268**	773,011	**146,669**	—
Total debt		**2,791,452**	1,618,700	**896,582**	373,649
Total equity		**4,636,251**	5,850,484	**3,479,842**	3,431,509
Debt-to-capital ratio		**60.21%**	27.67%	**25.77%**	10.89%

Neither the Company nor any of its subsidiaries are subject to externally imposed capital requirements except for those as disclosed in note 27(iv).

33 ACQUISITIONS

(a) Acquisition of additional interest in GMHG

On 14 January 2014, the Company completed the acquisition of a 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 Hospital Management Service Contract Rights"), (ii) transferred 70% equity interest in Shanghai Daopei Medicine Technology Company Limited (the "Disposed Subsidiary") to the Contracted Party and (iii) received additional proceeds of RMB40,000,000 (equivalent to approximately $50,300,000) from the Contracted Party and settled trade receivables from Shanghai Daopei Hospital. At the completion date, the difference $221,338,000 between (A) the fair value of the Disposed Hospital Management Service Contract Rights of $344,077,000 (note 15), net of associated deferred tax liabilities of $86,019,000 (note 29(b)(i)) and the net assets value of the Disposed Subsidiary of $4,863,000; and (B) the carrying amount of the acquired additional equity interest of $28,894,000 and net proceeds of $12,689,000 (additional proceeds of $50,300,000 offset by settlement of trade receivables), and the related exchange reserve of $9,524,000, totalling 230,862,000 was debited to other reserves as the transactions were accounted for as transactions within the shareholders of the Company in their capacity as equity holder. As at 31 March 2014, the Group held 82.67% equity interest in GMHG.

Subsequently on 7 November 2014, the Company entered into a share acquisition agreement (the "Share Acquisition Agreement") to acquire the remaining 17.33% equity interest in GMHG with non-controlling interest shareholders at an aggregate consideration of approximately $162,486,000 ("Aggregate Consideration"). According to the terms of the Share Acquisition Agreement, 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 the completion and as at 31 March 2015, GMHG became a wholly-owned subsidiary of the Company. The transaction was accounted for as transaction within the shareholders of the Company in their capacity as equity holder. At completion date, the difference of $115,058,000 between (A) the Aggregate Consideration of $162,486,000 and (B) the carrying amount of the acquired additional equity interest of $3,000,000 and related exchange reserve of $44,428,000, and the related surplus reserve of $6,004,000, totalling $121,062,000 was debited to other reserves.

33 ACQUISITIONS (continued)

(b) Acquisition of additional interest in Beijing Guohua Jiedi

On 18 July 2014, 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 for a cash consideration of approximately $153,776,000.

Upon completion and as at 31 March 2015, GMHM(China) held the entire equity interest in Beijing Guohua Jiedi, which owned 82.73% equity interest in Qinghe Hospital Co.. The transaction was accounted for as transaction within the shareholders of the Company in their capacity as equity holder. At completion date, the excess of the carrying amount of the acquired additional equity interest over the cash consideration of $81,923,000 was credited as other reserves.

A total of approximately $53,776,000 of the consideration has been paid as at 31 March 2015 (2014: $3,776,000). 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 31 March 2015 (note 26). In May 2015, consideration of $50,000,000 was paid according to the payment term.

34 EQUITY SETTLED SHARE-BASED TRANSACTIONS

(a) Share option scheme

(i) The Company adopted share option schemes on 30 July 2002 (the "2002 Scheme") and 30 March 2005 (the "2005 Scheme" and, together with the 2002 Scheme, the "Schemes"), which were respectively terminated on 30 March 2005 and 16 June 2009. No further options may be offered under the Schemes. However, in respect of the options which remained exercisable on the said dates of termination, they shall continue to be exercisable subject to the provisions of the Schemes as applicable.

34 EQUITY SETTLED SHARE-BASED TRANSACTIONS (continued)

(a) Share option scheme (continued)

(ii) The purpose of the Schemes was to recognise the contribution of executives, employees and directors (including non-executive directors and independent non-executive directors) of the Company and its affiliates (the "Participants") by granting share options to them as incentives or rewards.

(iii) The total number of shares which may be issued upon exercise of all share options to be granted under the Schemes each time shall not in aggregate exceed 10% of the total number of shares in issue of the Company as at 30 March 2005, the date on which the 2005 Scheme was adopted. The total number of shares which may be issued upon exercise of all outstanding share options granted and yet to be exercised under the Schemes must not exceed 30% of the shares in issue from time to time.

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

(v) A share option may be granted by the board of directors upon any terms and conditions as it may think fit subject to the rules of the Schemes and the Rules Governing the Listing of Securities on the Main Board of the Stock Exchange. As the Schemes have been terminated, no further options may be offered under the Schemes.

(vi) A share option granted under the Schemes may be exercised at any time during a period notified by the board of directors to the Participants provided that such period shall not be longer than 10 years from the date of offer. All share options granted under the 2002 Scheme were lapsed in March 2015.

(vii) Acceptance of an offer must be made by the Participants by the date specified in the offer as the last date for acceptance, together with a remittance in favour of the Company of $1 by way of consideration for the grant.

(Expressed in Hong Kong dollars unless otherwise indicated)

34 EQUITY SETTLED SHARE-BASED TRANSACTIONS (continued)

(a) Share option scheme (continued)

(viii) Pursuant to the Schemes, the exercise price shall be determined by the board of directors, but shall not be less than the higher of:

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

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

(3) the par value of the shares.

(ix) The terms and conditions of the grants are as follows, whereby all share options are settled by physical delivery of shares:

	Exercise Price#	Number of share options	Vesting conditions	Contract life of share options
Share options granted to directors:				
– on 4 March 2005 ("Option 1")	$2.776	4,000,000	– immediately 3 months after the date of grant	Expired at the close of business on 28 February 2015
– on 30 March 2005 ("Option 2")	$3.054	63,206,245	– up to 20% immediately after 6 months from the date of grant – up to 60% immediately after 18 months from the date of grant – up to 100% immediately after 30 months from the date of grant	Expired at the close of business on 3 March 2015
– on 27 April 2009 ("Option 3")	$1.996	16,100,000	– up to 30% immediately after the date of grant – up to 60% immediately after 6 months from the date of grant – up to 100% immediately after 12 months from the date of grant	Expire at the close of business on 26 April 2019

(Expressed in Hong Kong dollars unless otherwise indicated)

34 EQUITY SETTLED SHARE-BASED TRANSACTIONS (continued)

(a) Share option scheme (continued)

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

	Exercise Price#	Number of share options	Vesting conditions	Contract life of share options
Share options granted to employees:				
– on 4 March 2005 ("Option 1")	$2.776	10,270,000	– immediately 3 months after the date of grant	Expired at the close of business on 28 February 2015
– on 27 April 2009 ("Option 3")	$1.996	29,233,000	– up to 30% immediately after the date of grant – up to 60% immediately after 6 months from the date of grant – up to 100% immediately after 12 months from the date of grant	Expire at the close of business on 26 April 2019
		122,809,245		

Each share option entitles the holder to subscribe for approximately 0.58 ordinary shares (#) of the Company of par value of $0.20 at 31 March 2015 (2014: 1.15 ordinary share of the Company of par value of $0.10).

Option 1 and Option 2 were lapsed on 28 February 2015 and 3 March 2015, respectively. There are 45,333,000 share options outstanding and exercisable at 31 March 2015 (2014: 122,809,245). The share options outstanding at 31 March 2015 had an exercise price of $1.996 per ordinary share of par value of $0.20 (2014: $0.998 to $1.527 per ordinary share of par value of $0.10) and a weighted average remaining contractual life of 4.08 years (2014: 2.46 years).

The exercise prices of the share options and the number of shares that can be subscribed for upon the exercise of the share options shown above have been adjusted to reflect the effect of share consolidation mentioned in note 32(b)(i) and open offer mentioned in note 32(b)(ii). Further details are set out in the Company's announcements dated 3 June 2014 and 31 December 2013, respectively.

34 EQUITY SETTLED SHARE-BASED TRANSACTIONS (continued)

(b) Restricted Share Unit ("RSU") scheme

At the annual general meeting of CCBC held on 18 February 2011 (the "Adoption Date"), the shareholders of CCBC approved a RSU scheme for the purpose of attracting and retaining skilled and experienced personnel. Certain administrative provisions of the RSU scheme were subsequently amended by the board of directors of CCBC in August 2014.

The grant of RSUs under the RSU scheme was then approved by shareholders of the Company at the extraordinary general meeting held on 21 October 2014. On 15 December 2014 (the "Grant date"), CCBC granted a total of 7,300,000 RSUs to eligible directors and employees (the "RSU Grantees") under the RSU scheme. The RSUs will be vested in whole at any time during its valid period, subject to the fulfillment of certain operational and/or financial performance targets as set by the board of directors or relevant committee of the board of CCBC, and may be amended from time to time. Upon vesting, each RSU shall be entitled to transfer of one ordinary share of CCBC. The RSUs granted had not been vested during the year ended 31 March 2015.

The RSUs are vested only if the RSU Grantees remained employed by CCBC. The RSU Scheme will be valid and effective for a period of ten years commencing from the Adoption Date of the RSU Scheme.

There were 7,300,000 RSUs outstanding and nil exercisable at 31 March 2015 with a weighted average remaining contract life of 3 years.

(i) Shares held for RSU scheme

On 15 December 2014, CCBC established a trust (the "Trust") to facilitate the operation of the RSU scheme and to hold ordinary shares for the benefit of the RSU Grantees as a class. The Trust is administered by a trustee (the "Trustee") pursuant to the deed of settlement entered into between CCBC and the Trustee on the same day. On the same date, out of 7,300,000 RSUs granted, 7,080,000 ordinary shares were issued by CCBC and deposited into the Trust. Such ordinary shares will be transferred to the respective RSU Grantees (or their designated nominees) when the vesting conditions are fulfilled and upon the confirmation of the board of directors of CCBC.

(ii) Fair value of RSUs

The fair value of each RSU is US$4.15, which was based on the market price of the ordinary shares of CCBC at Grant Date.

34 EQUITY SETTLED SHARE-BASED TRANSACTIONS (continued)

(b) Restricted Share Unit ("RSU") scheme (continued)

(iii) Expected retention rate of grantees and equity settled share-based payment expenses

Management estimates the expected yearly percentage of RSU Grantees that will stay within CCBC at the end of the vesting period (the "Expected Retention Rate") in order to determine the amount of equity settled share-based payment expenses to be recognised in the consolidated income statement. As at 31 March 2015, the Expected Retention Rate of RSU Grantees was assessed to be 100% and during the year ended 31 March 2015, equity settled share-based payment expenses of approximately US$2,667,000 (equivalent to approximately $20,838,000) were recognised in the consolidated income statement.

35 FINANCIAL RISK MANAGEMENT AND FAIR VALUES

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

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

(a) Credit risk

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

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

The Group's exposure to credit risk is influenced mainly by the individual characteristics of each debtor with the exception of cord blood storage segment for which outstanding account balances are reviewed on a pooled basis by aging of such balances. The default risk of the industry and country in which customers operate also has an influence on credit risk. At the end of the reporting period, the Group has a certain concentration of credit risk as 7% (2014: 12%) and 11% (2014: 20%) of the trade receivables were due from the Group's largest customer and the five largest customers respectively.

35 FINANCIAL RISK MANAGEMENT AND FAIR VALUES (continued)

(a) Credit risk (continued)

The Group's maximum exposure to credit risk is represented by the carrying amount of each financial asset in the consolidated statement of financial position after deducting any impairment allowance. The Group does not provide any guarantees which would expose the Group to credit risk.

Further quantitative disclosures in respect of the Group's exposure to credit risk arising from trade receivables are set out in notes 21 and 23.

(b) Liquidity risk

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

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

The Group

	Note	2015 Within 1 year or on demand $'000	2015 More than 1 year but less than 2 years $'000	2015 More than 2 years but less than 5 years $'000	2015 Total $'000	2015 Carrying amount $'000	2014 Within 1 year or on demand $'000	2014 More than 1 year but less than 2 years $'000	2014 More than 2 years but less than 5 years $'000	2014 Total $'000	2014 Carrying amount $'000
Trade and other payables	26	**488,024**	**323,134**	**—**	**811,158**	**811,158**	427,124	206,516	—	633,640	633,640
Interest-bearing borrowings	27	**243,206**	**31,312**	**750,256**	**1,024,774**	**952,624**	778,475	95,580	—	874,055	843,204
Obligations under finance leases	28	**1,567**	**835**	**1,391**	**3,793**	**3,560**	1,385	942	274	2,601	2,485
Convertible notes	30	**71,370**	**72,150**	**1,441,077**	**1,584,597**	**1,835,268**	35,490	35,490	739,253	810,233	773,011
		804,167	**427,431**	**2,192,724**	**3,424,322**	**3,602,610**	1,242,474	338,528	739,527	2,320,529	2,252,340

35 FINANCIAL RISK MANAGEMENT AND FAIR VALUES (continued)

(b) Liquidity risk (continued)

The Company

		2015					2014				
	Note	Within 1 year or on demand $'000	More than 1 year but less than 2 years $'000	More than 2 years but less than 5 years $'000	Total $'000	Carrying amount $'000	Within 1 year or on demand $'000	More than 1 year but less than 2 years $'000	More than 2 years but less than 5 years $'000	Total $'000	Carrying amount $'000
Other payables	26	11,545	–	–	11,545	11,545	6,770	–	–	6,770	6,770
Interest-bearing borrowings	27	31,312	31,312	750,256	812,880	749,913	300,285	95,580	–	395,865	373,649
Convertible notes	30	8,580	9,360	195,963	213,903	146,669	–	–	–	–	–
		51,437	40,672	946,219	1,038,328	908,127	307,055	95,580	–	402,635	380,419

(c) Interest rate risk

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

35 FINANCIAL RISK MANAGEMENT AND FAIR VALUES (continued)

(c) Interest rate risk (continued)

(i) Interest rate profile

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

	The Group				The Company			
	2015		2014		**2015**		2014	
	Effective interest rate		Effective interest rate		**Effective interest rate**		Effective interest rate	
	%	**$'000**	%	$'000	**%**	**$'000**	%	$'000
Fixed rate assets/(liabilities):								
Time deposits	**3.06**	**69,682**	—	—	**—**	**—**	—	—
Interest-bearing borrowings	**6.00**	**(76,017)**	3.00	(268,170)	**—**	**—**	—	—
Obligations under finance leases	**3.43**	**(3,560)**	4.31	(2,485)	**—**	**—**	—	—
		(9,895)		(270,655)		**—**		—
Variable rate assets/(liabilities):								
Time deposits	**0.01**	**16,487**	3.05	86,260	**0.01**	**16,487**	—	—
Cash and cash equivalents	**0.30**	**3,959,389**	0.35	2,711,714	**0.01**	**555,530**	0.10	91,592
Interest-bearing borrowings	**4.42**	**(876,607)**	4.50	(575,034)	**4.15**	**(749,913)**	3.82	(373,649)
		3,099,269		2,222,940		**(177,896)**		(282,057)
Total net assets/(liabilities)		**3,089,374**		1,952,285		**(177,896)**		(282,057)
Net fixed rate liabilities as a percentage of total net assets/(liabilities)		**(0.32%)**		(13.86%)		**0.00%**		0.00%

35 FINANCIAL RISK MANAGEMENT AND FAIR VALUES (continued)

(c) Interest rate risk (continued)

(ii) *Sensitivity analysis*

It is estimated that a general increase/decrease of 100 basis points in interest rates at 31 March 2015, with all other variables held constant, would have decreased/increased the Group's loss after tax by approximately $6,040,000/$4,267,000, and increased/decreased retained profits by approximately $15,245,000/$13,782,000 and decreased/increased non-controlling interests approximately by $9,205,000/$9,515,000 respectively (2014: decreased/increased the Group's loss after tax by approximately $2,475,000/$2,016,000, increased/decreased retained profits by approximately $9,221,000/$9,029,000 and decreased/increased non-controlling interests by approximately $6,746,000/$7,013,000 respectively).

The sensitivity analysis above indicates the instantaneous change in the Group's loss after tax (and retained profits) and other components of consolidated equity that would arise assuming that the change in interest rates had occurred at the end of the reporting period and had been applied to re-measure those financial instruments held by the Group which expose the Group to fair value interest rate risk at the end of the reporting period. In respect of the exposure to cash flow interest rate risk arising from floating rate non-derivative instruments held by the Group at the end of the reporting period, the impact on the Group's loss after tax (and retained profits) and other components of consolidated equity is estimated as an annualised impact on interest expense or income of such a change in interest rates. The analysis has been performed on the same basis for 2014.

(d) Currency risk

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

The Group is exposed to currency risk through certain investments, receivables, bank deposits and bank loans which are denominated in US$, Australian Dollars ("AUD"), RMB, Singaporean Dollars ("SGD") and Japanese Yen ("JPY"). As HK$ is pegged to US$, the Company does not expect any significant movements in the US$/HK$ exchange rate.

35 FINANCIAL RISK MANAGEMENT AND FAIR VALUES (continued)

(d) Currency risk (continued)

(i) Exposure to currency risk

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

Exposure to foreign currencies (expressed in Hong Kong dollars)

The Group

	2015						2014				
	JPY $'000	US$ $'000	RMB $'000	HK$ $'000	SGD $'000	AUD $'000	US$ $'000	RMB $'000	HK$ $'000	SGD $'000	AUD $'000
Cash at banks	—	540,246	5,241	1,565	48	6	72,207	5,889	79,148	3,163	1,955
Time deposits	—	15,300	1,187	—	—	—	—	—	—	—	—
Available-for-sale equity securities	30,780	110,465	226,989	—	166,697	12,075	110,465	226,989	—	175,729	5,829
Trading securities	—	—	19,359	—	—	—	—	—	—	—	—
Interest-bearing borrowings	—	(712,640)	(37,273)	—	—	—	(373,649)	(268,170)	—	—	—
Convertible notes	—	(146,669)	—	—	—	—	—	—	—	—	—
Overall net exposure	30,780	(193,298)	215,503	1,565	166,745	12,081	(190,977)	(35,292)	79,148	178,892	7,784

The Company

	2015		2014	
	US\$ \$'000	**RMB \$'000**	US\$ \$'000	RMB \$'000
Cash at banks	**528,844**	**4,296**	63,582	1,077
Time Deposits	**15,300**	**1,187**	—	—
Convertible notes issued by subsidiaries	**—**	**—**	916,502	—
Interest-bearing borrowings	**(712,640)**	**(37,273)**	(373,649)	—
Convertible notes	**(146,669)**	**—**	—	—
Overall net exposure	**(315,165)**	**(31,790)**	606,435	1,077

(Expressed in Hong Kong dollars unless otherwise indicated)

35 FINANCIAL RISK MANAGEMENT AND FAIR VALUES (continued)

(d) Currency risk (continued)

(ii) Sensitivity analysis

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

	2015			2014		
	Increase/ (decrease) in foreign exchange rates	**Effect on loss after tax and retained profits**	**Effect on other components of equity**	Increase/ (decrease) in foreign exchange rates	Effect on loss after tax and retained profits	Effect on other components of equity
RMB	**5%**	**(574)**	**11,349**	5%	(13,246)	11,349
	(5%)	**574**	**(11,349)**	(5%)	13,246	(11,349)
HK$	**5%**	**78**	**—**	5%	3,957	—
	(5%)	**(78)**	**—**	(5%)	(3,957)	—
SGD	**5%**	**2**	**8,335**	5%	975	8,786
	(5%)	**(2)**	**(8,335)**	(5%)	(975)	(8,786)
AUD	**5%**	**—**	**604**	5%	701	292
	(5%)	**—**	**(604)**	(5%)	(701)	(292)
JPY	**5%**	**—**	**1,539**	5%	—	—
	(5%)	**—**	**(1,539)**	(5%)	—	—

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

The sensitivity analysis assumes that the change in foreign exchange rates had been applied to re-measure those financial instruments held by the Group which expose the Group to currency risk at the end of the reporting period. The analysis excludes differences that would result from the translation of the financial statements of operations outside Hong Kong into the Group's presentation currency. The analysis has been performed on the same basis for 2014.

35 FINANCIAL RISK MANAGEMENT AND FAIR VALUES (continued)

(e) Equity price risk

The Group is exposed to equity price risk arising from changes in share prices equity investments classified as trading securities (note 22) and available-for-sale securities (note 19). Other than unquoted securities held for strategic purposes, all of these investments are listed.

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

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

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

It is estimated that an increase/decrease of 10% in the fair value of the Group's investments in listed securities at 31 March 2015, with all other variables held constant, would have decreased/increased the Group's loss after tax by approximately $9,894,000, increased/decreased retained profits by approximately $9,484,000, and increased/decreased non-controlling interest by approximately $410,000 (2014: decreased/increased the Group's loss after tax and increased/decrease retained profits by approximately $8,632,000), and increased/decreased the Group's other comprehensive income by approximately $17,785,000 (2014: $18,351,000).

It is estimated that an increase/decrease of 10% in the share prices of the Company and a subsidiary at 31 March 2015, with all other variables held constant, would have resulted in remeasurement of the Group's convertible notes and increased/decreased the Group's loss after tax by approximately $170,050,000/$175,336,000 (2014: increased/decreased the Group's loss after tax by approximately $57,560,000/$60,369,000), decreased/increased retained profits by approximately $74,253,000/$77,314,000 (2014:decreased/increased by $24,146,000/$25,325,000) and decreased/increased by non-controlling interests by approximately $95,797,000/$98,022,000 (2014: decreased/increased by $33,414,000/$35,044,000).

The sensitivity analysis indicates the instantaneous change in the Group's loss after tax, retained profits and other components of consolidated equity that would arise assuming that the changes in the fair value of equity securities had occurred at the end of the reporting period and had been applied to re-measure those financial instruments held by the Group which expose the Group to equity price risk at the end of the reporting period. It is also assumed that none of the Group's available-for-sale investments would be considered impaired as a result of the decrease in the fair value of the equity securities and that all other variables remain constant. The analysis has been performed on the same basis for 2014.

35 FINANCIAL RISK MANAGEMENT AND FAIR VALUES (continued)

(f) Fair value measurement

(i) Financial assets and liabilities measured at fair value

Fair value hierarchy

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

35 FINANCIAL RISK MANAGEMENT AND FAIR VALUES (continued)

(f) Fair value measurement (continued)

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

Fair value hierarchy (continued)

The Group

		Fair value measurements at 31 March 2015 categorised into		
	Fair value at 31 March 2015 $'000	Level 1 $'000	Level 2 $'000	Level 3 $'000
Assets:				
Available-for-sale securities	177,845	158,964	—	18,881
Trading securities	98,945	98,945	—	—
Liabilities:				
Financial liabilities at fair value through profit or loss – Convertible notes	1,835,268	—	—	1,835,268

		Fair value measurements at 31 March 2014 categorised into		
	Fair value at 31 March 2014 $'000	Level 1 $'000	Level 2 $'000	Level 3 $'000
Assets:				
Available-for-sale securities	183,508	181,558	—	1,950
Trading securities	86,320	86,320	—	—
Liabilities:				
Financial liabilities at fair value through profit or loss – Convertible notes	773,011	—	—	773,011

35 FINANCIAL RISK MANAGEMENT AND FAIR VALUES (continued)

(f) Fair value measurement (continued)

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

Fair value hierarchy (continued)

The Company

	Fair value at 31 March 2015 $'000	Fair value measurements at 31 March 2015 categorised into Level 1 $'000	Level 2 $'000	Level 3 $'000
Liabilities:				
Financial liabilities at fair value through profit or loss				
– Convertible notes	**146,669**	**—**	**—**	**146,669**

	Fair value at 31 March 2014 $'000	Fair value measurements at 31 March 2014 categorised into Level 1 $'000	Level 2 $'000	Level 3 $'000
Assets:				
Interests in subsidiaries				
– Convertible notes	916,502	—	—	916,502

During the years ended 31 March 2015 and 2014, there was no transfer between instruments in Level 1 and Level 2, or transfers into or out of Level 3. The Group's policy is to recognise transfers between levels of fair value hierarchy as at the end of the reporting period in which they occur.

(Expressed in Hong Kong dollars unless otherwise indicated)

35 FINANCIAL RISK MANAGEMENT AND FAIR VALUES (continued)

(f) Fair value measurement (continued)

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

Information about Level 3 fair value measurements

The estimate of the fair value of the convertible notes is measured using a binomial lattice model with the following assumptions:

	2015		2014
	Issued by the Company	**Issued by a subsidiary**	Issued by a subsidiary
Share price	**$1.14**	**US$5.11**	US$4.00
Expected volatility	**43.64%**	**37.96-41.07%**	45.75%
Expected dividends	**2.53%**	**0%**	0%
Risk-free interest rate	**0.76%**	**0.58-0.72%**	0.87%

The movements during the year in the significant balance of these Level 3 fair value measurements are disclosed in note 30(ii).

(ii) Fair values of financial instruments carried at other than fair value

The carrying amounts of the Group's and the Company's financial instruments carried at cost or amortised cost are not materially different from their fair values as at 31 March 2015 and 2014 except for the following financial instruments:

(1) Amounts due from/to subsidiaries of the Group and/or the Company are unsecured, interest-free and have no fixed repayment terms. Given these terms, it is not meaningful to disclose their fair values.

(2) Unlisted equity securities of $369,161,000 (2014: $335,504,000) do not have a quoted market price in an active market and therefore their fair values cannot be reliably measured. They are held for strategic purposes and recognised at cost less impairment losses at the end of the reporting period.

36 COMMITMENTS

(a) *Capital commitments for the acquisition of property, plant and equipment outstanding at 31 March 2015 not provided for in the financial statements were as follows:*

	The Group	
	2015	2014
	$'000	$'000
Contracted for	**—**	52,603

(b) *As at 31 March 2015, the total future minimum lease payments under non-cancellable operating leases are payable as follows:*

	The Group		The Company	
	2015	2014	**2015**	2014
	$'000	$'000	**$'000**	$'000
Within 1 year	**13,070**	15,898	**7,799**	8,421
After 1 year but within 5 years	**2,113**	12,402	**—**	8,421
	15,183	28,300	**7,799**	16,842

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

Lease term of properties of the Group situated on land held under operating lease are disclosed in note 14(d).

36 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 31 March 2015 under this agreement amount to RMB2,000,000 (2014: RMB2,000,000), equivalent to approximately $2,534,000 (2014: approximately $2,517,000).

The Group entered several co-operation agreements with third-parties in relation to the operation of Cord blood storages. As at 31 March 2015, the total future minimum payments under co-operation agreements are payable as follows:

	The Group	
	2015	2014
	$'000	$'000
Within 1 year	**7,348**	7,300
After 1 year but within 5 years	**29,392**	29,201
After 5 years	**83,323**	90,078
	120,063	126,579

37 EMPLOYEE RETIREMENT BENEFITS

The Group operates a Mandatory Provident Fund Scheme ("the MPF scheme") under the Hong Kong Mandatory Provident Fund Schemes Ordinance for employees employed under the jurisdiction of the Hong Kong Employment Ordinance and not previously covered by the defined benefit retirement plan. The MPF scheme is a defined contribution retirement plan administered by independent trustees. Under the MPF scheme, the employer and its employees are each required to make contributions to the plan at 5% of the employees' relevant income, subject to a cap of monthly relevant income of $30,000 ($25,000 prior to June 2014). Contributions to the plan vest immediately.

As stipulated by the labour regulations of the PRC, the Group also participates in various defined contribution retirement plans organised by municipal and provincial governments for its employees. The Group is required to make contributions to the retirement plans at approximately 20% of the eligible employees' salaries for the year ended 31 March 2015.

The Group has no other significant obligation for the payment of its employees' retirement and other post-retirement benefits other than the contributions described above.

38 MATERIAL RELATED PARTY TRANSACTIONS

(a) Key management personnel remuneration

Key management personnel remuneration represents amounts paid to the Company's directors as disclosed in note 9 and the highest paid employees as disclosed in note 10.

(b) Transactions with related companies

As disclosed in note 30(b)(ii), the Company entered into a sale and purchase agreement on 25 August 2014 with Magnum and CGL to dispose the Disposed CCBC Convertible Notes at an aggregate purchase price of US$88,090,000 (equivalent to approximately $687,102,000). Accordingly, Magnum and CGL each acquired 50% of the Disposed CCBC Convertible Notes. The transaction was approved by shareholders at the extraordinary general meeting of the Company held on 9 October 2014, and was completed on 10 November 2014.

At transaction date and at 31 March 2015, Magnum is controlled by Mr. Kam Yuen, Chairman of the Company and CCBC. Therefore, Magnum meets the definition of related party as set out in note 2(z)(b)(vi). Thus, the disposal of 50% of the Disposed CCBC Convertible Notes at the purchase price of US$44,045,000 (equivalent to approximately $343,551,000) to Magnum constitutes a related party transaction of the Company.

(c) Applicability of the Listing Rules relating to connected transactions

The related party transaction in respect of note 38(b) above constitutes connected transactions as defined in Chapter 14A of the Listing Rules. The disclosures required by Chapter 14A of the Listing Rules are provided in the Report of the directors.

The related party transaction in respect of the directors' remuneration constitutes continuing connected transactions as defined in Chapter 14A of the Listing Rules, however they are exempted from the disclosure requirements in Chapter 14A of the Listing Rules.

39 NON-ADJUSTING EVENTS AFTER THE REPORTING PERIOD

(a) On 27 April 2015, the Company submitted a non-binding proposal letter to the board of directors of CCBC to acquire all the ordinary shares of CCBC which are not already owned by the Company at an offer price of US$6.40 in cash per CCBC ordinary share (the "Proposed Privatisation"). The Company also intends to acquire all the 7% senior convertible notes of CCBC pursuant to the terms and conditions of such convertible notes. Further details of the Proposed Privatisation are set out in the Company's announcement dated 29 April 2015.

(b) On 29 April 2015, the Company announced a possible open offer on the basis of one offer share of the Company (the "Offer Share(s)") for every two existing ordinary shares in the share capital of the Company at the subscription price of $1.40 per Offer Share (the "Possible Open Offer"); and entered into a legally binding term sheet with Bio Garden, the ultimate controlling party of the Company, under which Bio Garden agreed to act as the sole underwriter for the Possible Open Offer. On 29 May 2015, the Company entered into a supplemental agreement with Bio Garden to extend the entry into a legally binding agreement in relation to the Possible Open Offer to a date not later than 15 July 2015. Further details of the Possible Open Offer are set out in the Company's announcements dated 29 April 2015 and 29 May 2015.

(c) On 4 May 2015, the Company has entered into a conditional agreement with KKR China Healthcare Investment Limited ("KKR") to acquire the 7% senior convertible notes issued by CCBC due April 2017 in an aggregate outstanding principal amount of US$65,000,000 (equivalent to approximately $507,000,000) from KKR for a cash consideration not less than approximately US$159,882,000 (equivalent to approximately $1,247,080,000) (the "KKR CN Acquisition").

(d) On 8 May 2015, the Company has entered into a conditional agreement with Magnum to acquire the 7% senior convertible notes issued by CCBC due October 2017 in an aggregate outstanding principal amount of US$25,000,000 (equivalent to approximately $195,000,000) from Magnum for a cash consideration not less than approximately US$61,478,000 (equivalent to approximately $479,528,000) (the "Magnum CN Acquisition").

(e) On 8 May 2015, the Company has entered into a conditional agreement with CGL to acquire the 7% senior convertible notes issued by CCBC due October 2017 in an aggregate outstanding principal amount of US$25,000,000 (equivalent to approximately $195,000,000) from CGL for a cash consideration not less than approximately US$61,478,000 (equivalent to approximately $479,528,000) ("CGL CN Acquisition"). Meanwhile, the Company has also entered into an agreement with CGL to acquire 7,314,015 CCBC ordinary shares held by CGL for a cash consideration not less than approximately US$46,810,000 (equivalent to approximately $365,118,000) (the "CGL Share Acquisition").

Further details of the KKR CN Acquisition, Magnum CN Acquisition, CGL CN Acquisition and CGL Share Acquisition are set out in the Company's announcements dated 4 May 2015 and 8 May 2015, respectively.

(f) After the end of the reporting period the directors proposed a final dividend. Further details are disclosed in note 32(d).

40 IMMEDIATE AND ULTIMATE CONTROLLING PARTY

At 31 March 2015, the directors consider the immediate parent and ultimate controlling party of the Group to be Bio Garden Inc., which is incorporated in British Virgin Island. This entity does not produce financial statements available for public use.

41 POSSIBLE IMPACT OF AMENDMENTS, NEW STANDARDS AND INTERPRETATIONS ISSUED BUT NOT YET EFFECTIVE FOR THE YEAR ENDED 31 MARCH 2015

Up to the date of issue of these financial statements, the HKICPA has issued a few amendments and five new standards which are not yet effective for the year ended 31 March 2015 and which have not been adopted in these financial statements.

The Group is in the process of making an assessment of what the impact of these amendments is expected to be in the period of initial application. So far it has concluded that the adoption of them is unlikely to have a significant impact on the consolidated financial statements.

In addition, the requirements of Part 9, "Accounts and Audit", of the new Hong Kong Companies Ordinance (Cap. 622) come into operation from the first financial year commencing after 3 March 2014 in accordance with section 358 of that Ordinance. However, non-Hong Kong incorporated issuers with a March year end are permitted by the Listing Rules to continue to apply the disclosure requirements of the predecessor Ordinance (Cap. 32) in their 2015 financial statements. The Company is incorporated in Cayman Islands and thus qualified exemption for current financial year. The Group is in the process of making an assessment of the expected impact of the changes in the Companies Ordinance on the consolidated financial statements in the period of initial application of Part 9. So far it has concluded that the impact is unlikely to be significant and will primarily only affect the presentation and disclosure of information in the consolidated financial statements.

FIVE-YEAR FINANCIAL SUMMARY

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

RESULTS

	Year ended 31 March 2011 HK$'000	Year ended 31 March 2012 HK$'000	Year ended 31 March 2013 HK$'000	Year ended 31 March 2014 HK$'000	**Year ended 31 March 2015 HK$'000**
Turnover	721,178	895,869	1,079,062	1,085,068	**1,051,350**
Profit/(loss) from operations	374,213	218,380	283,461	(303,001)	**288,753**
Finance costs	(9,356)	(9,987)	(57,080)	(33,384)	**(75,354)**
Changes in fair value of financial liabilities at fair value through profit or loss	36,009	(32,506)	(21,469)	(353,208)	**(255,425)**
Gain/(loss) on deemed disposal of partial interest in an associate	14,713	—	—	(33,072)	**—**
(Loss)/gain on disposal of interests in associates	(2,628)	41,436	8,527	—	**—**
Share of profits less losses of associates and a joint venture	65,968	105,759	85,292	(21,359)	**—**
Impairment loss on non-current assets classified as held for sale	—	—	—	—	**(759,934)**
Profit/(loss) before taxation	478,919	323,082	298,731	(744,024)	**(801,960)**
Income tax (expense)/credit	(84,943)	(44,922)	(89,964)	31,160	**(79,477)**
Profit/(loss) for the year	393,976	278,160	208,767	(712,864)	**(881,437)**
Attributable to:					
Equity shareholders of the Company	311,252	152,877	135,660	(429,081)	**(805,860)**
Non-controlling interests	82,724	125,283	73,107	(283,783)	**(75,577)**
Profit/(loss) for the year	393,976	278,160	208,767	(712,864)	**(881,437)**

ASSETS AND LIABILITIES

	As at 31 March				
	2011	2012	2013	2014	**2015**
	HK$'000	HK$'000	HK$'000	HK$'000	**HK$'000**
Fixed assets	1,304,296	3,042,675	3,371,830	3,646,819	**3,774,974**
Intangible assets	1,007,967	1,009,224	975,354	167,904	**161,876**
Goodwill	513,689	569,844	571,222	579,246	**582,365**
Interests in associates	849,440	792,215	792,880	—	**—**
Interest in a joint venture	61,096	62,981	62,951	—	**—**
Available-for-sale securities	368,534	435,174	480,029	519,012	**483,139**
Inventories	37,516	41,908	48,482	60,212	**73,074**
Trade and other receivables	1,256,661	315,923	571,645	550,523	**508,673**
Deferred tax assets	26,488	31,215	29,169	13,588	**18,261**
	5,425,687	6,301,159	6,903,562	5,537,304	**5,602,362**
Current assets	1,987,168	2,313,829	2,797,898	4,075,841	**4,552,024**
Total assets	7,412,855	8,614,988	9,701,460	9,613,145	**10,154,386**
Current liabilities	(620,214)	(1,827,716)	(1,490,510)	(1,501,496)	**(1,051,296)**
Total assets less current liabilities	6,792,641	6,787,272	8,210,950	8,111,649	**9,103,090**
Non-current liabilities	(1,694,171)	(927,156)	(2,084,609)	(2,261,165)	**(4,466,839)**
Net assets	5,098,470	5,860,116	6,126,341	5,850,484	**4,636,251**
Attributable to:					
Equity shareholders of the Company	3,823,316	4,063,492	4,465,441	4,492,861	**3,589,275**
Non-controlling interests	1,275,154	1,796,624	1,660,900	1,357,623	**1,046,976**
Total equity	5,098,470	5,860,116	6,126,341	5,850,484	**4,636,251**

CORPORATE INFORMATION

Executive Directors

Mr. KAM Yuen *(Chairman)*
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
Mr. Daniel FOA (appointed on 11 February 2015)

Registered Office

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Grand Cayman
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Head Office and Principal Place of Business in the PRC

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

Principal Place of Business in Hong Kong

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

Place of Listing and Stock Code

The Stock Exchange of Hong Kong Limited
Stock Code: 801

Taiwan Stock Exchange Corporation
Taiwan depositary receipts code: 910801

Qualified Accountant and Company Secretary

Mr. KONG Kam Yu, ACA, AHKSA

Compliance Officer

Mr. KAM Yuen

Audit Committee Members

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

Remuneration Committee Members

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

Nomination Committee Members

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

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

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