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

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 00801)

ANNUAL RESULTS FOR THE YEAR ENDED 31 MARCH 2016

Annual results for the year ended 31 March 2016

The board of directors (the "**Board**") of Golden Meditech Holdings Limited (the "**Company**", together with its subsidiaries, the "**Group**") submitted herewith the consolidated audited results of the Company and its subsidiaries for the twelve months ended 31 March 2016. This announcement, containing the full text of the 2015/2016 Annual Report of the Company, is prepared with reference to the relevant requirements of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited in relation to announcements of annual results. Printed version of the Company's 2015/2016 Annual Report is also available for viewing on the websites of Hong Kong Exchanges and Clearing Limited at http://www.hkex.com.hk and of the Company at http://www.goldenmeditech.com.

Dividend

The Board did not recommend the payment of a final dividend in respect of the year ended 31 March 2016 after considering that the proposed disposal of approximately 65.4% interest (on a fully diluted basis) of the Company in China Cord Blood Corporation as disclosed in the announcement and circular of the Company dated 13 January 2016 and 26 May 2016 respectively (the "**Disposal**") has not yet completed as at the date of this announcement. After completion of the Disposal, the Board will re-visit the Group's future capital needs and consider the possibility of declaring dividend in future.

By order of the Board
Golden Meditech Holdings Limited
Kam Yuen
Chairman

Hong Kong, 28 June 2016

As at the date of this announcement, the Board comprises 9 directors. The executive directors are Mr. KAM Yuen (Chairman), Mr. KONG Kam Yu and Mr. YU Kwok Kuen, Harry; the non-executive directors are Ms. ZHENG Ting and Mr. GAO Yue; and the independent non-executive directors are Prof. CAO Gang, Mr. FENG Wen, Prof. GU Qiao and Mr. Daniel FOA.

GOLDEN MEDITECH HOLDINGS LIMITED
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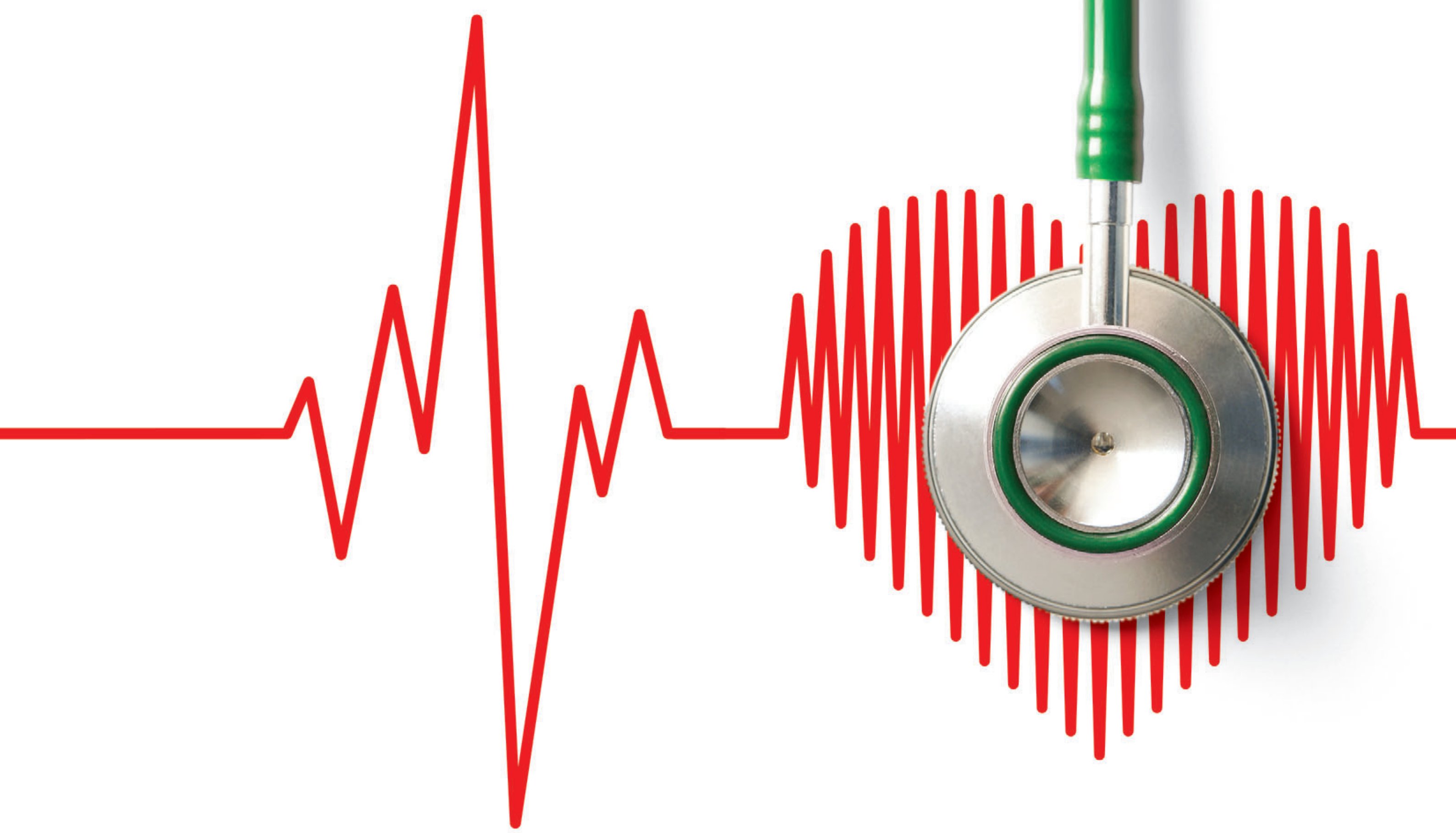
(Stock Code: 801.HK)



ANNUAL REPORT **2015/16**

ENHANCING
SHAREHOLDERS'
VALUE

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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 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 medical insurance administration and third-party administration service provider in Mainland China, connecting insurance companies, hospitals and policy holders 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. Both Beijing and Guangdong subsidiaries of CCBC have received the accreditations from American Association of Blood Banks. CCBC is one of the shareholders of Cordlife Group Limited (P8A.SGX), the largest cord blood bank operator in Southeast Asia.

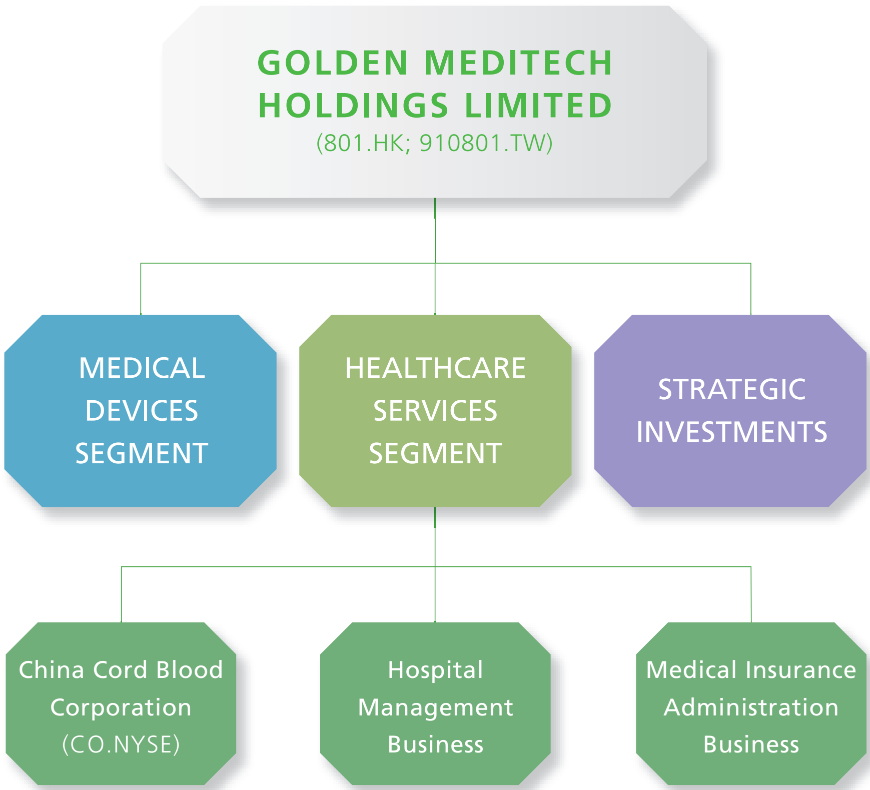
THE MEDICAL DEVICES SEGMENT

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 device of its kind that obtained 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



Note: China Cord Blood Corporation is classified as discontinuing operation.

THE GROUP IS COMMITTED TO ACHIEVING **LONG-TERM SUSTAINABLE GROWTH** THROUGH UNREMITTINGLY CULTIVATING OUR HEALTHCARE SERVICES AND MEDICAL DEVICES OPERATIONS.

CORPORATE HISTORY AND MILESTONES

2016
- Entered into a conditional sale and purchase agreement with Nanjing Xinjiekou Department Store Co., Ltd. (600682.SH) regarding the disposal of the Group's 65.4% equity interest (on a fully diluted basis) in China Cord Blood Corporation ("CCBC")
- Acquired all convertible notes issued by CCBC and certain number of ordinary shares of CCBC to increase the Group's shareholdings to 65.4% (on a fully diluted basis) in CCBC

2015
- Acquired the remaining equity interest in GM Hospital Group Limited to consolidate shareholdings in hospital management business

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 services market
- CCBC 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 (CO.NYSE) 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,

The fiscal year 2015/2016 was a milestone year for Golden Meditech Holdings Limited (the "Company" or "Golden Meditech", together with its subsidiaries, collectively referred to as the "Group"). The Group has gradually cemented its position as a leading integrated healthcare enterprise in China through fifteen years' of pioneering exploration and development. The Group successfully transferred to the Main Board of the Stock Exchange of Hong Kong Limited, from the Growth Enterprise Market, and listed on the Taiwan Stock Exchange Corporation. Ever since we started our business with a single device business, we have evolved into an integrated healthcare business. During the financial year ended 31 March 2016 (the "Year"), results performance of the Company were in line with the management's expectation. Total revenue from external customers amounted to HK$1,052,539,000 (including both continuing operations and discontinuing operation), which remained stable compared with last year.

At present, the healthcare services market is growing rapidly in China due to the increasing aging population, the improving living standard in rural areas and the growing income as well as increasing health awareness. With the support from the Chinese government's favourable policies, social capitals have advanced into the healthcare services sector and are expected to accelerate their growth in the future. In the early stage of the healthcare reforms, the Group managed to take initiatives through further deepening its strategic transformation by proactively responding to the government's call for the new healthcare reforms. As a result, the Group strengthened its leading integrated healthcare enterprise position by strategically placing the healthcare services segment as its core competitiveness, and complimented by the synergies of its medical devices segment. Thankfully, the measures referred in the Chinese government's "Thirteen Five-year Plan" involve ten aspects of healthcare and biology; promote equal treatment for both private and public hospitals; cultivate new dynamics for developing biotechnology; and establish a new system for bio-medicine and high performance medical devices industry. These measures clearly demonstrated the government's determination in promoting and supporting the growth of non-public medical institutions. Hence, private healthcare enterprises are now an indispensable part in the healthcare services chain, supplementing people's demand for diversified and differentiated healthcare services. These measures also corroborate the Group's rational strategies in each of its healthcare services segments.

The Group timely develops its healthcare services business and manages to achieve satisfying results as of today. The Group has laid a sound foundation for developing its hospital management business, thanks to the brand awareness and recognition of its renowned Shanghai East International Medical Center in the premium healthcare market.

CHAIRMAN'S STATEMENT

With its Beijing Qinghe Hospital ("Qinghe Hospital"), the Group aims to provide high-quality healthcare services to the public and to further expand its hospital management business. As an integrated healthcare services pioneer, the Group is fully aware of the importance of brand and reputation of hospital and, thus, pays greater attention in building its own brand and reputation. Qinghe Hospital has collaborated with the Peking University People's Hospital (北京大學人民醫院) when it was under trial operation. This not only guaranteed the high-standard healthcare services of Qinghe Hospital, but also helped to train its high-quality healthcare professionals, making it a reputable and trustable hospital. We believe that Qinghe Hospital will provide satisfying returns once it is fully operational, and will draw on that solid experience for the long-term development of the Group's hospital management business.

Over the past few years, the Group decided to suspend several potential acquisition opportunities after considering the execution and commercialisation risks of various target projects. Nevertheless, the maturing cord blood storage services have gradually gained recognition from international market as well as consumers in China. Consequently, the Company submitted a non-binding privatisation proposal to the board of directors of China Cord Blood Corporation ("CCBC") (the "Proposed Privatisation") in April 2015. The Group wanted to increase its exposure in the cord blood storage sector in China. This has been achieved through the acquisitions of the 7% senior convertible notes issued by CCBC (the "CCBC CNs") and partial ordinary shares of CCBC between May 2015 and January 2016. Assuming all the CCBC CNs were converted in full, the equity interest in CCBC held by the Company would reach 65.4%.

CHAIRMAN'S STATEMENT

During the process of the Proposed Privatisation, the Group was approached by Nanjing Xinjiekou Department Store Co., Ltd. ("Nanjing Xinjiekou") in respect of the disposal of its 65.4% fully diluted equity interest in CCBC. In light of meeting Nanjing Xinjiekou's ultimate goal of holding the entire equity interest in CCBC, the Company and Nanjing Xinjiekou further negotiated and agreed that the Company would procure and facilitate the completion of the Proposed Privatisation. In January 2016, the Company entered into a conditional sale and purchase agreement with Nanjing Xinjiekou regarding the disposal of its 65.4% fully diluted equity interest in CCBC to Nanjing Xinjiekou for a total consideration of approximately RMB5,764,000,000 (equivalent to approximately HK$6,917,000,000). In return, Nanjing Xinjiekou intends to issue 134,336,378 shares to the Group together with a cash payment of approximately RMB3,264,000,000 (equivalent to approximately HK$3,917,000,000). Concurrently, the Company also entered into another conditional sale and purchase agreement with Nanjing Xinjiekou, pursuant to which the Group agrees to sell the remaining 34.6% fully diluted equity interest of CCBC to be obtained to Nanjing Xinjiekou, if the Proposed Privatisation is completed, for a total consideration of approximately US$267,076,000 (equivalent to approximately HK$2,083,000,000).

In consideration of the significant return to be achieved from the disposal of CCBC, we deliberate that it represents a lucrative opportunity to the Group to realise its investment in the cord blood storage business. This disposal also enabled the Group to re-allocate more financial resources on other existing businesses of the Group as well as overseas predominant healthcare domain. Besides, the Group also considers that by having equity interest in Nanjing Xinjiekou would provide an opportunity for the Group to invest in the "Modern Department Store, Healthcare and Elderly Care" businesses, which will diversify the Group's investments and may bring more return to shareholders.

The disposal of CCBC is still on-going, pending on the parties obtaining all relevant and outstanding approvals. As such, the board of directors did not recommend the payment of a final dividend in respect of the year ended 31 March 2016. Golden Meditech is committed to maximise shareholders' return while balancing the capital needs of the Group in order to enhance its long term growth prospect. The temporary suspension of dividend payment as a result of the pending transaction will not preclude the board of directors to revisit the dividend policy from time-to-time or after the transaction is completed.

CHAIRMAN'S STATEMENT

FUTURE PROSPECTS

The overall prospect of the healthcare industry in China is promising. According to the statistics published by the National Health and Family Planning Commission, the scale of the Chinese healthcare services market has grown to RMB2.2 trillion in 2014 from RMB1.2 trillion in 2010, representing a compound annual growth rate of 16.8%. This scale is expected to reach RMB4.4 trillion by 2019. By encouraging social capital as the key provider for certain social services, such as medical care, healthcare and elderly care, along with facilitating reforms in the healthcare services market, these offer opportunities for the growth of Golden Meditech's core businesses. In the long run, the deepening of Chinese healthcare reforms, in terms of relaxing and optimising policies, benefits the further development of private healthcare enterprises.

We look forward with confidence. As a leading integrated healthcare enterprise in China, we endeavor to enhance our operating excellence and efficiency by tapping on the potential of each of our business segment, with the view to improve operating performance. In addition, we are committed to integrate our existing resources and invest wisely on key areas to ready us for the opportunity arising from the development of bio-medicine and high performance medical device industry. Our core focus is to identify opportunities to invest in the enormous healthcare market. Its medical devices business is posed to complement its premium healthcare services business. Likewise, we will actively explore growth potentials arising from the healthcare value chain in order to create values for our shareholders.

Finally, on behalf of the Board, I would like to take this opportunity to express my sincere appreciation to all our valued shareholders and customers for their continuing support. I would also like to thank all our employees for their considerable efforts and contribution.

KAM Yuen
Chairman

28 June 2016

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

Golden Meditech Holdings Limited (the "Company" or "Golden Meditech", together with its subsidiaries, collectively referred to as the "Group") is an integrated healthcare enterprise. Its main continuing operations include the healthcare services segment and the medical devices segment. The healthcare services segment currently consists of hospital management business, medical insurance administration business and cord blood storage business, which is being classified as discontinuing operation in the current year. The medical devices segment currently consists of the manufacturing of medical devices and the sale of medical device consumables. In addition, the Group is involved in healthcare related strategic investments.

MANAGEMENT DISCUSSION AND ANALYSIS

Continuing Operations

I. *Healthcare Services Segment*

Hospital Management Business

Beijing Qinghe Hospital ("Qinghe Hospital"), located in Beijing Haidian District, is a specialised hospital with a gross floor area of approximately 75,000 m^2. It offers 600 beds, of which 48 beds are haematology wards. Qinghe Hospital specialised not only in haematology but also provides a broad range of medical disciplines. It is currently under trial operation. 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 with a focus on haematology speciality. After several years of adjustment and adaptation, Qinghe hospital obtained its license in late 2015. The "Thirteen Five-year Plan for the Healthcare Reforms" clearly promotes equal treatment for both public and private hospitals, and provides policy supports in streamlining and expediting the approval process for non-public medical institutions. Meanwhile, certain government policies, such as including private hospitals in the scope of the healthcare insurance coverage and implementing the supervised market pricing mechanism, have paved the way for the further development of private hospitals.

Over the years, leveraging on its well-known brand and sound reputation, Shanghai East International Medical Center ("SEIMC") has achieved a stable development and provided premium healthcare services to the affluent people in Shanghai and the surrounding neighbourhoods.

Being a pioneer hospital operator, the Group's top mission is to provide high quality healthcare services. The Group is similarly focused on integrating its resources, expanding the high-end market, and building up the economies of scales as well as brand awareness, with a view to consolidate its core competitiveness and future economic return.

MANAGEMENT DISCUSSION AND ANALYSIS

Medical Insurance Administration Business

GM-Medicare Management (China) Company Limited, a subsidiary of the Group, serves as a missing link by providing medical related claims process and bill settlement services to insurance companies, hospitals and policy holders, aiming to fill the gap in the value chain of medical insurance sector. During the year, the Group continued to devote resources to enhance its self-developed intellectualised claim administration system. This fully automated system enables the Group to gain market leadership in the insurance sector, and is widely recognised and accredited by the market and end users. The Group will further summarise collaboration experiences with the social security department of the government and explore more collaboration opportunities with insurance companies. The Group is committed to build an efficient and comprehensive healthcare services system to a larger population, thus strengthening its competitive advantages.

II. Medical Devices Segment

Through fifteen years of development, production, sales and distribution of medical devices, the Group managed to accumulate tremendous strengths in research and development, qualified professionals and extensive distribution network. Its self-developed flagship product, Autologous Blood Recovery System, was the first device of its kind that obtained approval from the China Food and Drug Administration. With the deepening of the Group's strategic transformation, the healthcare services segment will become the core healthcare value chain business of the Company. The medical devices segment will synergise with the healthcare services segment and is expected to continue to contribute revenue to the Group.

The "Thirteen Five-year Plan for the Healthcare Reforms" sets out guidance on establishing a new system for high performance medical device industry. This would rationalise the allocation of appropriate equipment to healthcare institutions as well as increase the usage of domestic medical equipment, aiming to reduce healthcare expenses. Banking on its years of valuable business resources and comprehensive healthcare industry knowledge, the management is confident that the Group will seize every opportunity to benefit from the healthcare reforms.

III. Strategic Investments

The Group owns 100% of the Chinese herbal medicines business that has its production facility located in Shanghai Qingpu District. It is learnt that the area in which the production facility is located has been included in the development plan of Qingpu new city. In April 2016, the Group received a letter from Qingpu local government for the possible land resumption plan of Qingpu District. The Company will work closely with the local government regarding the land valuation. Meanwhile, the government will also work with the Company in identifying relocation site.

MANAGEMENT DISCUSSION AND ANALYSIS

The Company made a full impairment provision of HK$759,934,000 against Fortress Group Limited ("Fortress", a former associate of the Group) in financial year 2014/2015. Currently, the Company is actively negotiating with the controlling shareholder of Fortress as well as relevant parties with a view to reach possible settlements and to maximise the recovery of the Group's interest in Fortress.

During the year, the Group disposed of its certain non-healthcare related investments in order to focus on its overall development strategies for its core businesses.

Cord Blood Storage Business – Discontinuing Operation

China Cord Blood Corporation ("CCBC") has successfully established a leading position in the cord blood storage sector after years of development. With a long-operating history in Beijing, the expanding Guangdong cord blood bank and the new Zhejiang cord blood bank, the cord blood storage business has significantly boosted its overall competitive edge. CCBC signed up 62,909 new subscribers during the year, representing a decrease of 2.8% year-on-year, despite the declining number of newborns in the Chinese lunar "Year of the Sheep" and the spring festival holiday in the Chinese lunar "Year of the Monkey". CCBC proactively responded to the market by taking active measures to improve the general awareness of cord blood stem cell, so as to further expand its customer base. In addition, following the accreditation of Beijing cord blood bank by American Association of Blood Banks ("AABB"), CCBC's Guangdong cord blood bank became another AABB-accredited cord blood bank during the year.

Considering the sound business and the stable operation of the cord blood storage segment, the Company submitted a non-binding privatisation proposal to the board of directors of CCBC ("Privatisation Proposal"). The Company completed the acquisitions of all of the convertible notes (the "CNs") and certain number of ordinary shares of CCBC during the year, enabling the Group to increase its equity interest in CCBC to 65.4% on a fully converted basis. During the privatisation process, Nanjing Xinjiekou Department Store Co., Ltd. ("Nanjing Xinjiekou") proposed to acquire the 65.4% equity interest of CCBC held by the Group (the "Disposal") (please refer to "Key Developments" section below for details). After negotiation, the Company entered into conditional sale and purchase agreements with Nanjing Xinjiekou for the disposal of its 65.4% CCBC equity interest. The Disposal is expected to bring sound returns to the Group. The Company intends to apply the proceeds from the disposal of CCBC equity interest in expanding its existing healthcare services business as well as repaying bank loans.

The Disposal was approved by the shareholders of the Company on 15 June 2016 and is expected to be completed on or before 31 December 2016.

MANAGEMENT DISCUSSION AND ANALYSIS

KEY DEVELOPMENTS

Leveraging on its profound insights in the Chinese healthcare services market as well as its extensive experiences accumulated over the years, Golden Meditech is well positioned to grasp the opportunities arising from the healthcare reforms in China. Specifically, the Group continues to deepen its strategic transformation, by primarily focusing on the healthcare services segment as it core strategy and generating synergies from its medical devices segment.

Following the submission of the Privatisation Proposal to the board of directors of CCBC in April 2015, the Company directly or indirectly acquired (i) the CCBC CN held by KKR China Healthcare Investment Limited ("KKR"), Magnum Opus International Holdings Limited ("Magnum") and Cordlife Group Limited ("CGL") respectively (namely the "KKR CN", the "Magnum CN" and the "CGL CN" respectively); (ii) 7,314,015 ordinary shares of CCBC held by CGL; and (iii) 357,331 ordinary shares of CCBC held by Mr. Kam ("Kam Shares") between May 2015 and January 2016.

The total consideration paid for the abovementioned CCBC CNs and ordinary shares of CCBC was approximately US$334,454,000 (equivalent to approximately HK$2,608,741,000). This was financed through a combination of open offer and issuance of promissory notes. Accordingly, assuming all the CCBC CNs were converted in full, the equity interest in CCBC held by the Group would reach 65.4%.

In January 2016, Golden Meditech Stem Cells (BVI) Company Limited ("GMSC"), a wholly-owned subsidiary of the Company, entered into a conditional sale and purchase agreement with Nanjing Xinjiekou regarding the disposal of its 65.4% equity interest in CCBC on a fully converted basis for a total consideration of approximately RMB5,764,000,000 (equivalent to approximately HK$6,917,000,000). In return, Nanjing Xinjiekou intends to issue 134,336,378 shares to GMSC together with a cash payment of approximately RMB3,264,000,000 (equivalent to approximately HK$3,917,000,000) to acquire the 65.4% equity interest of CCBC held by GMSC. In addition, the Company also entered into another conditional sale and purchase agreement with Nanjing Xinjiekou, pursuant to which GMSC agrees to sell the remaining 34.6% equity interest of CCBC to be obtained on a fully converted basis, to Nanjing Xinjiekou for a total consideration of approximately US$267,076,000 (equivalent to approximately HK$2,083,000,000), if the Privatisation Proposal is completed.

FINANCING

Private Placing

In July 2015, the Company placed an aggregate of 140,000,000 shares to its existing institutional shareholder and obtained gross proceeds of HK$140,000,000.

Open Offer

In October 2015, the Company successfully completed an open offer, which was underwritten by the Company's substantial shareholder, Bio Garden Inc., and raised approximately HK$985,696,000 from its shareholders.

MANAGEMENT DISCUSSION AND ANALYSIS

Promissory Notes

In December 2015 and January 2016, the Company conditionally issued promissory notes, through its wholly-owned subsidiary, to an investor, Blue Ocean Structure Investment Company Ltd., in an aggregate principal amount of US$250,000,000 (equivalent to approximately HK$1,950,000,000).

The proceeds raised from the financing activities during the year were mainly used for the acquisitions of the CCBC CNs and ordinary shares of CCBC.

KEY FINANCIAL PERFORMANCE INDICATORS

As a result of the Group's proposed Disposal of CCBC, the Group reported the operating results of CCBC during the fiscal year ended 31 March 2016 ("2015/2016" or the "Year") separately as discontinuing operation in the consolidated income statement with comparative information re-presented. Assets and liabilities of CCBC as at 31 March 2016 are presented separately as "assets of disposal group classified as held for sale" and "liabilities of disposal group classified as held for sale" in the consolidated financial position. Re-presentation of assets and liabilities as at 31 March 2015 is not required and a direct comparison between the two years may not be appropriate. As a result, to facilitate year-on-year comparison, selected financial position items and related ratios of 2015/2016 are re-presented and analysed in this "Management Discussion and Analysis". The Group did not recognise any gain on disposal of CCBC during the Year as the completion of the Disposal is expected to conclude on or before 31 December 2016.

Continuing Operations

In 2015/2016, the Group's total revenue from continuing operations amounted to HK$281,558,000, representing an increase of 4.4% year-on-year. Of which, revenue from the healthcare services segment and the medical devices segment accounted for 23.3% and 74.8% of the Group's total revenue from continuing operations respectively. The increase in total revenue was mainly driven by the medical devices segment. Revenue from the medical devices segment increased by 8.4% year-on-year.

I. Healthcare Services Segment

	FY2015/2016 (HK$'000)	FY2014/2015 (HK$'000)
Revenue from hospital management business	**59,688**	63,442
Revenue from medical insurance administration business	**5,932**	5,845
Selling and administrative expenses	**(207,627)**	(169,637)
Loss before interest and tax	**(175,269)**	(144,087)
Loss after tax	**(181,198)**	(150,154)

In 2015/2016, revenue from the healthcare services segment decreased by 5.3% year-on-year to HK$65,620,000. Revenue generated from hospital management business and medical insurance administration business were HK$59,688,000 and HK$5,932,000 respectively, accounting for 91.0% and 9.0% of healthcare services revenue, respectively.

MANAGEMENT DISCUSSION AND ANALYSIS

Hospital Management Business

During the Year, revenue from SEIMC amounted to HK$59,688,000, representing a decrease of 5.9% year-on-year. As Qinghe Hospital obtained its license in late 2015 and had not yet commenced official operation during the year. Therefore, there was no revenue contribution and that affected the operating performance of Qinghe Hospital. The management believes the revenue, profit and cash flow of Qinghe Hospital will improve progressively once it is fully operational.

Medical Insurance Administration Business

During the Year, revenue from medical insurance administration business was HK$5,932,000, representing an increase of 1.5% year-on-year. The management expects that the Group will cooperate with more medical insurance companies once its self-developed medical insurance claim system attains full automation. As a result, the Group will be able to provide convenient and effective services, enhancing its operational efficiency as well as its profitability.

During the Year, selling and administrative expenses from the healthcare services segment amounted to HK$207,627,000, representing an increase of 22.4% year-on-year. The increase was largely attributable to the increase in staff costs as well as operating costs from Qinghe Hospital.

II. Medical Devices Segment

	FY2015/2016 (HK$'000)	FY2014/2015 (HK$'000)
Revenue from medical devices	**35,049**	47,445
Revenue from medical device consumables	**131,832**	128,174
Revenue from distribution of medical consumables	**43,789**	18,787
Selling and administrative expenses	**(56,582)**	(49,333)
Profit before interest and tax	**56,035**	57,011
Profit after tax	**43,964**	43,127

In 2015/2016, revenue from the medical devices segment increased by 8.4% year-on-year to HK$210,670,000, accounting for 74.8% of the Group's total revenue from continuing operations. In view of the increased competition in the medical devices market, the Group proactively adjusted its marketing strategy and appropriately lowered the selling price of Autologous Blood Recovery System in order to stabilise the sales of medical device consumables.

During the Year, selling and administrative expenses from the medical devices segment amounted to HK$56,582,000, representing an increase of 14.7% year-on-year. The increase was largely attributable to the increase in administrative expenses.

MANAGEMENT DISCUSSION AND ANALYSIS

III. Strategic Investments

	FY2015/2016 (HK$'000)	FY2014/2015 (HK$'000)
Revenue from Chinese herbal medicines business	**5,268**	5,889
Selling and administrative expenses	**(12,449)**	(28,429)
Loss before interest and tax	**(16,046)**	(32,107)
Loss after tax	**(12,460)**	(28,420)
Impairment loss on non-current assets classified as held-for-sale	**—**	(759,934)

The Chinese herbal medicines business recorded an operating loss of HK$16,046,000 during the Year. The Group received a possible land resumption request from the local government in Qingpu District of Shanghai and will negotiate with the relevant department regarding the land valuation. The Group expects to improve its cash position if the land resumption were successful.

During the Year, selling and administrative expenses from strategic investments amounted to HK$12,449,000, representing a decrease of 56.2% year-on-year. The decrease was largely attributable to the decline in research and development expenses.

In 2015/2016, the management determined to dispose of its non-core business assets. As a result, the Group received sales proceeds of HK$159,532,000 from the disposal of such non-healthcare related investment, bringing an investment return of approximately HK$6,900,000 to the Group.

Gross Profit Margin

In 2015/2016, the Group's gross profit margin from continuing operations decreased by 2.2 percentage points year-on-year to 45.8%. Fluctuation was largely attributable to the fact that the Group adjusted its marketing strategy and lowered medical devices selling price to stabilise the sales of medical device consumables. The Group's core businesses, the healthcare services segment and medical devices segment reported gross profit margins of 67.9% and 50.5%, compared to 60.6% and 51.5%, respectively, in the corresponding period last year.

Selling and Administrative Expenses

The Group continued to enhance its marketing and business development initiatives across all business segments. Selling and administrative expenses for the year totalled HK$416,019,000, representing an increase of 38.2% year-on-year. Such fluctuation was largely attributable to: 1) an increase of approximately HK$40,159,000 in the professional fees incurred mainly for the Privatisation Proposal; 2) accrued bonuses of approximately HK$33,771,000; and 3) an increase of approximately HK$13,425,000 in travelling expenses. Management strictly monitors any expenditure to ensure costs are maintained at an acceptable level.

Other Income

During the Year, the Group recorded other income of HK$24,622,000, as compared to HK$136,892,000 in the corresponding period last year. Such fluctuation was largely attributable to the management income received from a third party of HK$140,400,000 in the corresponding period last year, while no such income was recorded during the Year.

Loss from Operations from Continuing Operations

During the Year, the Group recorded operating loss from continuing operations of HK$265,240,000. Fluctuation was largely attributable to the abovementioned decrease in other income and the increase in administrative expenses during the Year.

Finance Costs

The Group recorded finance costs of HK$144,467,000, representing an increase of 118.0% year-on-year. Such increase was mainly attributable to the issuance of US$250,000,000 (equivalent to approximately HK$1,950,000,000) promissory notes by the Group for acquiring additional equity interest in CCBC.

Income Tax Expense

The Group's total income tax expense was HK$4,327,000, representing a substantial decrease of 76.5% year-on-year. Such decrease was largely attributable to the capital gain tax of HK$11,887,000 recorded as a result of the Group's internal restructuring in the corresponding period last year, while no such income tax expense was recorded during the Year.

Loss for the Year from Discontinuing Operation

	FY2015/2016 (HK$'000)	FY2014/2015 (HK$'000)
Revenue	**812,944**	800,555
Cost of sales	**(177,683)**	(165,017)
Gross profit	**635,261**	635,538
Other income	**81,549**	26,752
Selling expenses	**(181,607)**	(161,205)
Administrative expenses	**(218,382)**	(177,470)
Impairment loss on available-for-sale equity securities	**(10,474)**	—
Profit from operations	**306,347**	323,615
Finance costs	**(3,739)**	(9,070)
Changes in fair value of financial liabilities at fair value through profit or loss	**(597,170)**	(263,976)
(Loss)/profit before tax	**(294,562)**	50,569
Income tax expense	**(62,706)**	(61,035)
Loss for the year from discontinuing operation	**(357,268)**	(10,466)

MANAGEMENT DISCUSSION AND ANALYSIS

In 2015/2016, the discontinuing operation, CCBC, recorded 504,268 accumulated subscribers, representing an increase of 14.3% year-on-year. CCBC's revenue increased marginally by 1.5% year-on-year, to HK$812,944,000. Loss for the Year from discontinuing operation amounted to HK$357,268,000, which was mainly attributable to fair value changes on convertible notes issued by CCBC.

Loss Attributable to Equity Shareholders of the Company from Continuing Operations

During the Year, loss attributable to equity shareholders of the Company from continuing operations was HK$405,561,000, representing a decrease of 53.0% year-on-year. Such decrease was mainly attributable to an impairment provision of HK$759,934,000 against investment in Fortress, which was partially offset by the management income received from a third party of HK$140,400,000 in the corresponding period last year.

Excluding the one-off impairment provision and the management income from a third party from last year, loss attributable to equity shareholders of the Company from continuing operations was HK$244,213,000, representing an increase of HK$161,348,000. The main reasons for such increase were as follows:

(1) Interest expenses of approximately HK$86,063,000 was incurred in relation to the issuance of promissory notes, which was used to acquire additional CCBC CNs and equity interest in CCBC;

(2) Professional fees of approximately HK$40,159,000 was incurred in relation to the Privatisation Proposal and the proposed Disposal of equity interest in CCBC;

(3) Accrual of employee bonuses of approximately HK$33,771,000 in rewarding their efforts in the Privatisation Proposal and the proposed Disposal of equity interest in CCBC.

Current Assets and Total Assets (continuing operations)

As at 31 March 2016, the Group's total current assets and total assets were HK$1,113,697,000 and HK$4,607,779,000 (31 March 2015: HK$1,254,262,000 and HK$4,896,080,000), respectively.

Liquidity and Financial Resources (continuing operations)

As at 31 March 2016, the Group's cash and bank deposits amounted to HK$974,162,000 (31 March 2015: HK$958,449,000); total interest-bearing borrowings stood at HK$2,879,636,000 (31 March 2015: HK$1,026,836,000). Excluding the issuance of promissory note, total interest-bearing borrowings were HK$868,485,000 (31 March 2015: HK$1,026,836,000).

Debt Ratio (continuing operations)

On the basis of total interest-bearing borrowings divided by total equity, the Group's debt ratio was 71.2% as at 31 March 2016 (31 March 2015: 29.6%). Excluding the issuance of promissory note, the Group's debt ratio was 21.5% as at 31 March 2016. From a long-term perspective, the management is committed to maintain an optimal and stable debt ratio, in order to achieve maximum capital efficiency.

MANAGEMENT DISCUSSION AND ANALYSIS

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 (including continuing operations and discontinuing operation)

The Group employed 1,714 (2015: 1,661) full-time staff in Hong Kong and in Mainland China. While the staff employed in continuing operations and discontinuing operation were 736 (2015: 747) and 978 (2015: 914) respectively. During the Year, total staff costs (including directors' remuneration, the Mandatory Provident Fund and equity settled share-based payment expenses) amounted to HK$366,183,000 (2015: HK$264,749,000). The staff costs of the continuing operations and discontinuing operation were HK$148,183,000 (2015: HK$104,507,000) and HK$218,000,000 (2015: HK$160,242,000) respectively. Such increase in staff costs of discontinuing operation was mainly due to the additional staff employed and the equity settled share-based payment expenses incurred by CCBC.

Details of the Group's Pledged Assets and Loan Guarantees

As at 31 March 2016, the Group has pledged certain assets as collaterals and provided guarantees for certain borrowings as follows:

(i) the bank loans of certain subsidiaries of HK$120,236,000 (31 March 2015: HK$126,695,000) were secured by interests in certain leasehold land and buildings with an aggregate carrying amount of HK$72,695,000 (31 March 2015: HK$83,505,000);

(ii) the bank loans of the Company of HK$566,150,000 (31 March 2015: HK$765,835,000) was guaranteed by five of its subsidiaries, namely China Bright Group Co. Limited, GM Hospital Group Limited, GM Hospital Investment Ventures Company Limited, GM Hospital Management Company Limited and GMSC; and

(iii) the promissory notes issued by a subsidiary of approximately HK$2,011,151,000 (31 March 2015: HK$nil) was secured by the Group's equity interest in CCBC (classified as discontinuing operation), including 38,352,612 ordinary shares of CCBC and convertible notes issued by CCBC with an aggregate principal amount of US$115,000,000 (equivalent to approximately HK$897,000,000).

Further details of pledged assets and loan guarantees are set out in note 25 to the financial statements.

Dividend

As mentioned in Chairman's Statement, the Company had entered into an agreement regarding the disposal of the Group's 65.4% interest in CCBC. The said transaction is still on-going, pending on the parties obtaining all relevant and outstanding approvals. As such, the board of directors did not recommend the payment of a final dividend in respect of the year ended 31 March 2016. We are committed to maximise shareholders' return while balancing the capital needs of the Group in order to enhance its long term growth prospect. The temporary suspension of dividend payment as a result of the pending transaction will not preclude the board of directors to revisit the dividend policy from time-to-time or after the transaction is completed.

MANAGEMENT DISCUSSION AND ANALYSIS

At the Company's annual general meeting held on 31 July 2015, shareholders approved the payment of a final dividend of HK1.3 cents per share for the year ended 31 March 2015 and the final dividend was paid on 17 November 2015. Shareholders were given an option to receive the final dividend in cash or an allotment of scrip shares in lieu of cash. Further details of the final dividend are set out in the circulars of the Company dated 30 June 2015 and 20 August 2015, respectively.

At the Company's extraordinary general meeting held on 3 June 2014, shareholders approved the special dividend of HK3 cents per 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 circulars of the Company dated 9 May 2014 and 19 June 2014, respectively.

FUTURE DEVELOPMENT

The premium healthcare services market is expected to grow substantially, as the deepening healthcare reforms calls for growing demand for premium healthcare services. To answer the government's call for promoting healthcare reforms, the Group will apply synergies from the medical devices business to complement the growth of its premium healthcare services business. The Group will endeavour to increase its operating performance, accelerate business development and improve operational efficiency.

Leveraging on its pioneer edge in the healthcare industry, the Group will not only explore viable opportunities and integrate resources along the healthcare value chain, but also optimise the allocation of its resources and diversify its healthcare services business. The Group believes these strategies will further consolidate its leading position in the integrated healthcare industry.

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 2016.

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 2016, 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.

CORPORATE GOVERNANCE REPORT

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") of the Company)*
Mr. FENG Wen	*(Chairman of Remuneration Committee and Nomination Committee and member of Audit Committee of the Company)*
Prof. GU Qiao	*(Member of Audit Committee, Remuneration Committee and Nomination Committee of the Company)*
Mr. Daniel FOA	

CORPORATE GOVERNANCE REPORT

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 2016, 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.

CORPORATE GOVERNANCE REPORT

During the year ended 31 March 2016, 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.

CORPORATE GOVERNANCE REPORT

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.

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. KAM Yuen, Prof. CAO Gang and Mr. FENG Wen shall retire by rotation at the forthcoming annual general meeting to be held on 28 September 2016 (the "2016 AGM"), 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 2016 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 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' 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 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' notice in writing.

CORPORATE GOVERNANCE REPORT

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 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' 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 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' 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 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' 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 2016 provided that at any time during the term of appointment, either party may terminate the appointment by giving to the other not less than 30 days' notice in writing.

Directors' Training and Professional Development

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

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

- compliance with, and sanctions for breach of the Listing Rules and the Securities and Future Ordinance ("SFO").

CORPORATE GOVERNANCE REPORT

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 during the year ended 31 March 2016:

Directors	**Compliance with, and sanctions for breach of the Listing Rules and SFO**
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	√
Mr. FENG Wen	√
Prof. GU Qiao	√
Mr. Daniel FOA	√

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 ("Mr. Kam") 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.

CORPORATE GOVERNANCE REPORT

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 2016, 24 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)*	24/24	N/A	N/A	N/A	3/3	1/1
Mr. KONG Kam Yu	24/24	N/A	N/A	N/A	3/3	1/1
Mr. YU Kwok Kuen, Harry	24/24	N/A	N/A	N/A	3/3	1/1
Non-Executive Directors:						
Ms. ZHENG Ting	24/24	N/A	N/A	N/A	3/3	1/1
Mr. GAO Yue	24/24	N/A	N/A	N/A	3/3	1/1
Independent Non-Executive Directors:						
Prof. CAO Gang	24/24	2/2	4/4	1/1	3/3	1/1
Mr. FENG Wen	24/24	2/2	4/4	1/1	3/3	1/1
Prof. GU Qiao	24/24	2/2	4/4	1/1	3/3	1/1
Mr. Daniel FOA	24/24	N/A	N/A	N/A	3/3	1/1

CORPORATE GOVERNANCE REPORT

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 Director 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.

CORPORATE GOVERNANCE REPORT

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 2016 have been reviewed by the Audit Committee.

CORPORATE GOVERNANCE REPORT

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.

CORPORATE GOVERNANCE REPORT

During the year, the remuneration of the senior management (comprising Executive Directors) of the Company for the year ended 31 March 2016 by band is set out below:

Remuneration band (HK$)	Number of individuals
$1 to $1,000,000	3
$1,000,001 to $2,000,000	2
$2,000,001 to $8,000,000	–
$8,000,001 to $9,000,000	1
$9,000,001 to $12,000,000	–
$12,000,001 to $13,000,000	1
$13,000,001 to $14,000,000	1
$14,000,001 to $15,000,000	–
$15,000,001 to $16,000,000	1

Further details of the Executive Directors' remuneration for the year ended 31 March 2016 are disclosed in note 8 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;

CORPORATE GOVERNANCE REPORT

- 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 1 meeting and has made recommendations to the Board regarding the re-appointment of 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 not established an internal audit function. The Board has reviewed the need for setting up an internal audit function within the Group, and is of the opinion that in view of the scale and nature of the operations of the Group, it is more cost effective to appoint external independent professionals to carry out internal audit function for the Group. In this respect, the Board will continue to review the need for an internal audit function at least annually.

CORPORATE GOVERNANCE REPORT

During the year, the Board appointed an international professional consultancy firm — Baker Tilly Hong Kong Risk Assurance Limited to conduct a review of 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 2016.

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 2016. The biography of the Company Secretary is set out on page 37 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 2016, 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 2016 in the Independent Auditor's Report included in this annual report.

For the year ended 31 March 2016, the fees payable to the external auditors for audit services were HK$14,837,000 and the fees paid for other services were HK$5,110,000.

CORPORATE GOVERNANCE REPORT

Increase of authorised share capital

During the year, the authorised share capital of the Company was increased to HK$1,000,000,000 by the creation of an additional 2,000,000,000 shares of par value HK$0.20 each which are rank pari passu in all respect with all the existing shares.

Details of the increase of authorised share capital is set out in the circular of the Company dated 30 June 2015.

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 enquiries 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.

CORPORATE GOVERNANCE REPORT

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 54, 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 47, 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 47, 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 44, 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 (高悅), aged 43, 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.

BIOGRAPHICAL DETAILS OF DIRECTORS AND SENIOR MANAGEMENT

Independent Non-Executive Directors

Prof. CAO Gang (曹岡), aged 72, 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 48, 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), a chief executive officer of National Investments Fund Limited, a company listed on the Stock Exchange, 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), previously the secretary to the board of directors of China Investment Development Co., Ltd. (中投發展有限責任公司). 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 69, 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 39, 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 42, 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.

* The English name is for identification purpose only.

BIOGRAPHICAL DETAILS OF DIRECTORS AND SENIOR MANAGEMENT

Mr. GAO Guang Pu (高光譜), aged 53, 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 40, 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. SHAO Bao Ping (邵寶平), aged 50, 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 67, 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 62, 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 the Directors' report together with the audited financial statements of the Group for the year ended 31 March 2016.

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 15 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 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	8%	
Five largest customers in aggregate	12%	
The largest supplier		10%
Five largest suppliers in aggregate		27%

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.

REPORT OF THE DIRECTORS

FINANCIAL STATEMENTS

The results and cash flow of the Group for the year ended 31 March 2016 and the state of the Group's financial position as at that date are set out in the financial statements on pages 68 to 76 of this annual report.

BUSINESS REVIEW

(a) Business Performance and Future Developments

The Group's business performance, analysis of major financial performance indicators and discussion on future developments are set out in the section headed "Management Discussion and Analysis". Such discussion forms a part of the Report of the Directors.

(b) Principal Risks and Uncertainties

The Group has identified the principal risks and uncertainties in the industries in which the Group operates. These risks and uncertainties may affect the performance and operations of the Group. The key risks include but limited to:

1. Healthcare reforms

China's healthcare system is undergoing a critical reform period, whereby laws, regulations and policies governing the medical device and healthcare service industries are constantly changing. Likewise, the regulatory authorities in China may adjust their enforcement practices from time to time. Consequently, actions which have been executed in the past may not be indicative of future actions. These changes may have material adverse effect on the Group, in terms of incurring significant costs, and diverting the resources and attention of the management. Furthermore, such changes may also be applicable with retrospective effect, thus increasing the uncertainties and risks faced by the Group's businesses and operations.

2. Regulatory changes in the cord blood storage industry

The cord blood storage business and financial results may be adversely affected as a result of the regulatory changes in the cord blood banking industry for the following reasons:

(i) The National Health and Family Planning Commission (the "NHFPC") of the People's Republic of China (the "PRC") has been following a "one license per region" policy in its regulation of cord blood banks, which precludes more than one cord blood banking licensee from operating in the same region. This policy may be changed at any time. If new licenses are issued in Beijing, Guangdong, Zhejiang or any region where the Group is operating the licensed cord blood banks, or permit or acquiesce in operation of subscription service by other type of institutions, the Group's market position as the sole cord blood banking operator in the relevant region may be undermined.

REPORT OF THE DIRECTORS

BUSINESS REVIEW (continued)

(b) Principal Risks and Uncertainties (continued)

2. Regulatory changes in the cord blood banking industry (continued)

(ii) There is a possibility that the NHFPC or the relevant local authority will take the position that the provision of fee-based commercial cord blood banking services is not limited to operators of licensed cord blood banks. As a result, other companies in healthcare or other related industries may begin to provide such services, in which case the Group will face direct competition from these companies.

(iii) The one-child policy in China has been established for over 30 years. Effective from January 2016, the PRC implemented new law of two-child policy. With only one child in each family, it is difficult to obtain matching stem cells if such child needs a transplant. In families with more than one child, the possibility of acquiring matching stem cells from a sibling is increased, and such families may decide not to choose the Group's subscription services. Even though the one-child policy in China is abolished, the Group cannot assure the demand for its subscription services will maintain at current levels and thus, the Group's business and financial results may be materially adversely affected.

3. Regional economies

The cord blood storage business operated by the Group is affected by regional economic factors. Currently, the Group only operates cord blood storage business in Beijing, Guangdong and Zhejiang regions, as a result, the geographical regions of its business are relatively concentrated. Therefore, the number of new subscribers and revenue will be affected by factors such as the local economic conditions, birthrate and disposable income level.

4. Seasonal factor

The cord blood storage business is also affected by the seasonal factor. In a year which is considered to be particularly auspicious under the Chinese horoscope by the Chinese people, the number of new born babies may be much higher than other years. Hence, the Group expects the operating results of the cord blood storage business will fluctuate during those years and periods due to the seasonal factor.

BUSINESS REVIEW (continued)

(b) Principal Risks and Uncertainties (continued)

5. *Preferential tax treatment*

The subsidiaries of the Group, namely Beijing Jingjing Medical Equipment Co., Ltd. (北京京精醫療設備有限公司), Beijing Jiachenhong Biological Technologies Co., Ltd. (北京佳宸弘生物技術有限公司) and Zhejiang Lukou Biotechnology Co., Ltd. (浙江綠蔻生物技術有限公司), are High and New Technology Enterprises ("HNTE") enjoying a preferential tax rate of 15% which is lower than the standard tax rate of 25%. Their preferential tax treatments attributable to their HNTE qualification will be expiring in the calendar years 2016, 2016 and 2017, respectively. Guangzhou Municipality Tianhe Nuoya Bio-engineering Co., Ltd.（廣州市天河諾亞生物工程有限公司）obtained its latest renewed certificate of HNTE on 16 October 2013 with an effective period of three years ended 31 December 2015. Management believes that Guangzhou Nuoya meets all the criteria for the renewal of HNTE status. The profits of the Group may be affected if they are unable to renew their qualification as HNTE after their expiration. At present, the Group actively coordinates various departments to apply for the renewal of HNTE qualification. The management is confident that the Group will continue to enjoy the relevant preferential tax treatment.

6. *Market competition*

Competition in the medical device industry in which the Group operates has been intensifying. If competition further intensifies, prices will fall as a result, and the market share and gross profit margin of the Group's medical device business will be affected. The Group monitors and analyses the competition situation and market information to early estimate adverse changes and adopts corresponding measures. The Group takes appropriate measures to enhance its branding and maintains steady development of the business. In addition, the Group continues to improve product quality and to increase product competitiveness by reducing production costs.

7. *Non-recurring medical incident*

Circumstances such as unexpected large-scale contagious disease outbreak and major medical incident arousing social concern in the medical services sector are beyond the Group's control, but may also bring about risks and uncertainties. For example, if an incident similar to the "severe acute respiratory syndrome, or "SARS", incident" in 2003 has reoccurred, not only the daily operation of the Group's healthcare services related business will be seriously affected, but also the Group's financial results. The Group's clinical application of hematopoietic stem cells has already passed the clinical test verification, and has obtained the approval from the NHFPC many years ago. The "Wei Zexi incident" that happened in May 2016 and became a social hot topic did not have material effect on the Group. Furthermore, the Group expects any potential regulatory changes relating to biotherapy arising from this incident will not have any material impact on the Group's business.

REPORT OF THE DIRECTORS

BUSINESS REVIEW (continued)

(c) Key relationship with employees, customers and suppliers

The Group is aware of the value and importance of its employees and has adopted all possible measures to maintain good relationship with its employees. Such measures include but not limited to enhancing, reviewing and renewing the policies on remuneration, welfare, training, occupational health and safety, to ensure that all employees receive reasonable remuneration.

The Group maintains good relationship with its customers and strives to improve the communication mechanism with its customers. This is to ensure that the Group is well aware of all customers' complaints or feedbacks on a timely basis and provide high quality services to its customers.

The Group establishes long-term cooperation relationships with reputable suppliers within the industries. The Group implements a series of procurement management systems and control procedures, so as to select suppliers in a prudent manner.

(d) Environmental protection policy and performance

The Group recognises the importance of environmental protection to the sustainable and stable development of an enterprise, and strives to maintain the best balance between cost control and environmental protection. The Group promotes clean production, discharges pharmaceutical waste appropriately and reduces the risk of environmental incidents. The Group endeavors to become an energy-saving and environmental friendly enterprise. The Group is of the view that it complies with all relevant PRC laws and regulations relating to environmental protection in all material respects.

(e) Compliance with laws and regulations

To the best of Directors' knowledge, information and belief, the Group has complied with the relevant laws and regulations which have major impact on the operations of the Group.

RESERVES AND DIVIDENDS

Loss attributable to equity shareholders of the Company of HK$686,512,000 (2015: loss of HK$805,860,000) 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 73 to 74 of this annual report.

As at 31 March 2016, the Company's reserves available for distribution amounted to HK$3,869,893,000 (2015: HK$3,078,419,000).

Details of dividends paid during the year are set out in note 30(d) to the financial statements.

FINAL DIVIDENDS

The board of directors (the "Board") did not recommend the payment of a final dividend in respect of the year ended 31 March 2016 in light of the ongoing transaction with respect to the disposal of 65.4% interest in China Cord Blood Corporation ("CCBC") (2015: a final dividend of HK1.3 cents per ordinary share of HK$0.20 each in the share capital of the Company (the "Share")). The Board will take into account the Group's future capital needs when considering possible dividend payment in the future. Details of the proposed disposal are set out in the section headed "Other Transactions" and note 31(d) to the financial statements.

CHARITABLE DONATIONS

Charitable donations made by the Group during the year amounted to HK$100,000 (2015: HK$Nil).

PROPERTY, PLANT AND EQUIPMENT

Details of the movements in property, plant and equipment during the year are set out in note 12 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 30(b) to the financial statements.

Placing

On 8 July 2015, the Company and Nomura International (Hong Kong) Limited (the "Placing Agent") entered into a placing agreement, whereby the Company had conditionally agreed to place, through the Placing Agent, on a best effort basis, of up to 140,000,000 new Shares (the "Placing Shares") to Atlantis Investment Management (Hong Kong) Limited ("Atlantis"), at the placing price of HK$1.00 per Placing Share (the "Placing Price") (the "Placing"). The aggregate nominal value of the Placing Shares was HK$28 million.

The Placing Price was determined after arm's length negotiations between the Company and the Placing Agent with reference to, among other things, the prevailing market price and trading liquidity of the Shares and financial positions of the Group. The Placing Price represents (i) a discount of approximately 0.99% to the closing price of HK$1.01 per Share on 7 July 2015 and (ii) a discount of approximately 14.38% to the average closing price of HK$1.68 per Share for the last five consecutive trading days up to and including 7 July 2015.

On 15 July 2015, an aggregate of 140,000,000 Placing Shares have been successfully placed by the Placing Agent to Atlantis at the Placing Price of HK$1.00 per Placing Share.

The gross proceeds and the net proceeds (after deduction of the relevant expenses in relation to the Placing) from the Placing were approximately HK$140 million and HK$138 million, respectively. The net Placing Price was approximately HK$0.985 per Placing Share. The net proceeds were used for the acquisitions of the ordinary shares of CCBC which are not directly or indirectly owned by the Company.

Details of the Placing are also set out in note 30(b)(v) to the financial statements.

For details, please refer to the announcements dated 8 July 2015 and 15 July 2015 of the Company.

REPORT OF THE DIRECTORS

SHARE CAPITAL (continued)

Warrants

From 1 April 2015 to 3 August 2015, a total of 33,532,212 Shares were issued by the Company pursuant to the exercise of the subscription rights attaching to the warrants ("Warrants") issued by the Company to the shareholders of the Company. The subscription rights attaching to the Warrants were expired on 30 July 2015.

Open Offer

During the year, the Company has raised approximately HK$986 million, before expenses, by way of an open offer on the basis of one offer Share ("Offer Share") for every two Shares held at the subscription price of HK$1.00 per Offer Share payable in full on application (the "Open Offer"). On 26 October 2015, 985,695,846 Offer Shares were issued by the Company in accordance with the Open Offer. The proceeds had been used for the acquisitions of certain convertible notes and ordinary shares of CCBC.

For details, please refer to the announcements dated 27 July 2015, 28 August 2015 and 23 October 2015, circular dated 31 August 2015 and the prospectus dated 29 September 2015 of the Company.

Scrip Dividend

On 17 November 2015, 9,052,165 scrip Shares were issued by the Company in accordance with the scrip dividend scheme in relation to the final dividend of HK1.3 cents per Share (with scrip alternative) for the year ended 31 March 2015.

CONVERTIBLE NOTES ISSUED BY THE COMPANY

Details of the convertible notes issued by the Company are set out in note 28(a) to the financial statements.

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

Details of the Open Offer during the year are set out in the sections headed "Share Capital" and "Connected Transactions" and note 30(b)(vi) to the financial statements.

Details of the Placing during the year are set out in the section headed "Share Capital" and note 30(b)(v) to the financial statements.

Save as disclosed above, during the year ended 31 March 2016, neither the Company nor any of its subsidiaries purchased, redeemed or sold any of the Company's listed securities.

PRE-EMPTIVE RIGHTS

There is no provision for pre-emptive rights under 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.

REPORT OF THE DIRECTORS

DIRECTORS

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

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
Mr. FENG Wen
Prof. GU Qiao
Mr. Daniel FOA

In accordance with Article 108 of the Articles of Association, Mr. KAM Yuen, Prof. CAO Gang and Mr. FENG Wen shall retire by rotation at the 2016 AGM, and being eligible, offer themselves for re-election.

The biographical details of the current Directors and senior management are set out on pages 37 to 39 of this annual report. Details of the emoluments of the Directors and the five highest paid individuals are set out in notes 8 and 9 to the financial statements, respectively.

REPORT OF THE DIRECTORS

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 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' 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 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' 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 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' 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 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' 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 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' 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 2016 provided that at any time during the term of appointment, either party may terminate the appointment by giving to the other not less than 30 days' notice in writing.

None of the Directors being proposed for re-election at the 2016 AGM 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 2016, 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 of the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules") to be notified to the Company and the Stock Exchange were as follows:

(a) The Company

		Long positions			
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 ("Mr. Kam")	Founder of trusts	1,118,269,526[1]	—	1,118,269,526	37.70%
	Beneficial owner	—	2,197,530[2]	2,197,530	0.07%
Mr. KONG Kam Yu	Beneficial owner	12,400,240	3,874,592[2]	16,274,832	0.55%
Ms. ZHENG Ting	Beneficial owner	—	3,238,464[2]	3,238,464	0.11%

Notes:

(1) Mr. Kam was deemed under the SFO to have an interest in 1,118,269,526 Shares which Bio Garden Inc. ("Bio Garden") was interested in as at 31 March 2016 (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.

(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.

REPORT OF THE DIRECTORS

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

(b) CCBC

		Number of ordinary shares of US$0.0001 each		
Name of Directors	**Capacity and nature of interests**	**Number of shares**	**Total interests**	**Approximate percentage of the issued and outstanding share capital of CCBC**
Mr. KONG Kam Yu	Beneficial owner	282,193	282,193	0.35%
Ms. ZHENG Ting	Beneficial owner	1,071,994	1,071,994	1.34%

Save as disclosed above, as at 31 March 2016, 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 33(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 2015[2]	Adjustment for the Open Offer[2]	Numbers of underlying Shares in respect of which share options were exercised during the year ended 31 March 2016	Number of underlying Shares in respect of which share options were outstanding as at 31 March 2016	Adjusted Exercise price[2] HK$
Mr. KAM Yuen	27 April 2009[1]	2,190,278	7,252	—	2,197,530	1.989
Mr. KONG Kam Yu	27 April 2009[1]	3,861,805	12,787	—	3,874,592	1.989
Ms. ZHENG Ting	27 April 2009[1]	3,227,777	10,687	—	3,238,464	1.989
Full-time employees (other than Directors)	27 April 2009[1]	16,849,577	55,795	—	16,905,372	1.989
		26,129,437	86,521	—	26,215,958	

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

REPORT OF THE DIRECTORS

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 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.

(2) As a result of the Open Offer in October 2015, the exercise price of the outstanding share options has been adjusted to HK$1.989 per Share and number of issuable Shares upon exercise of the outstanding share options has been adjusted, of which (i) Mr. Kam holds share options which entitle him to subscribe for up to 2,197,530 Shares; (ii) Mr. KONG Kam Yu holds share options which entitle him to subscribe for up to 3,874,592 Shares; (iii) Ms. ZHENG Ting holds share options which entitle her to subscribe for up to 3,238,464 Shares and (iv) the category of full time employees holds share options which entitle them to subscribe for up to 16,905,372 Shares.

(3) 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 2016.

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 2016, the interests and short positions of the shareholders (not being Directors or chief executives of the Company) in the Shares and underlying Shares 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	1,118,269,526[4]	37.70%
Magic Master Holdings Limited ("Magic Master")[2]	Interest of controlled corporation	1,118,269,526[4]	37.70%
Magic Glory Holdings Limited ("Magic Glory")[2]	Interest of controlled corporation	1,118,269,526[4]	37.70%
Credit Suisse Trust Limited[2]	Trustee	1,118,269,526[4]	37.70%
Fiducia Suisse SA (Formerly known as "KF Suisse SA")[3]	Trustee	1,118,269,526[4]	37.70%
Mr. David Henry Christopher Hill[3]	Interest of controlled corporation	1,118,269,526[4]	37.70%
Mrs. Rebecca Ann Hill[3]	Interest of children under 18 or spouse	1,118,269,526[4]	37.70%
Ms. Liu Yang[5]	Interest of controlled corporation	297,001,627	10.01%
Atlantis Capital Holdings Limited[5]	Interest of controlled corporation	297,001,627	10.01%
Atlantis[5]	Beneficial owner	297,001,627	10.01%

REPORT OF THE DIRECTORS

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
Riverwood Asset Management (Cayman) Ltd. ("Riverwood")(5)	Investment manager	181,433,583	6.12%
New Horizon Capital Partners III Limited ("NH Partners")(6)	Interest of controlled corporation	159,735,105	5.39%
New Horizon Capital III, L.P. ("NH Capital")(6)	Interest of controlled corporation	159,735,105	5.39%
Hope Sky Investments Limited ("Hope Sky")(6)	Beneficial owner	159,735,105	5.39%

SUBSTANTIAL SHAREHOLDERS' INTERESTS AND SHORT POSITIONS IN THE SHARES AND UNDERLYING SHARES OF THE COMPANY (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, the Chairman and an executive Director of the Company, was the founder. Mr. Kam is also the sole director of Bio Garden.

(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) Atlantis is a limited liability company incorporated in Hong Kong, which was wholly-owned by Atlantis Capital Holdings Limited. Ms. Liu Yang has 100% indirect interest in Atlantis Capital Holdings Limited and she is a controller who held a 100% direct interest in Riverwood.

(6) Hope Sky is an investment holding company incorporated in the BVI, which was wholly owned by NH Capital, a private equity fund specialising in investments in China. NH Partners is a controller of NH Capital.

Save as disclosed above, as at 31 March 2016, the Directors are not aware of any other person or corporation having an interest or short position in the Shares or underlying Shares representing 5% or more of the issued share capital of the Company.

REPORT OF THE DIRECTORS

SUFFICIENCY OF PUBLIC FLOAT

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

DIRECTORS' INTERESTS IN TRANSACTIONS, ARRANGEMENTS OR CONTRACTS OF SIGNIFICANCE

Save as disclosed under "Connected Transactions" below, no transactions, arrangements or contracts of significance in relation to the business of the Group, to which the Company or any of its subsidiaries was a party, and in which a Director or an entity connected with a Director 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 as at 31 March 2016 are set out in notes 25, 26 and 28 to the financial statements.

RETIREMENT SCHEMES

Details of the Group's retirement schemes are set out in note 36 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 185 and 186 of this annual report.

CORPORATE GOVERNANCE

A report on the principal corporate governance practices adopted by the Company is set out on pages 21 to 36 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.

PERMITTED INDEMNITY PROVISION

The Articles of Association provides that the Directors shall be indemnified and secured harmless out of the assets of the Company from and against all actions, costs, charges, losses, damages and expenses which they shall or may incur or sustain by reason of any act done, concurred in or omitted in or about the execution of their duty, except such (if any) as they shall incur or sustain through their own fraud or dishonesty. The Company has also maintained appropriate directors and officers liability insurance coverage for the directors and officers of the Group during the year.

CONNECTED TRANSACTIONS

(1) Open Offer

(i) Underwriting term sheet in relation to the Open Offer

On 27 April 2015, the Company and Bio Garden entered into a conditional legally binding term sheet ("Underwriting Term Sheet") setting out the preliminary terms of a possible Open Offer of the Company and the underwriting of the possible Open Offer by Bio Garden, including without limitation the basis of the Open Offer, the subscription price of HK$1.40 (subsequently revised to HK$1.00) per Offer Share and the underwriting commission of HK$9,500,000.

(ii) First supplemental agreement in relation to the Underwriting Term Sheet

On 29 May 2015, the Company and Bio Garden entered into a supplemental agreement in relation to the Underwriting Term Sheet whereby, among other things, the parties agreed to extend the entry into a legally binding agreement in respect of the underwriting of the Open Offer to a date on or before 15 July 2015.

(iii) Second supplemental agreement in relation to the Underwriting Term Sheet

On 10 July 2015, the Company and Bio Garden entered into a supplemental agreement in relation to the Underwriting Term Sheet (as amended by the supplemental agreement referred to in (ii) above) whereby, among other things, the parties agreed to extend the entry into a legally binding agreement in respect of the underwriting of the Open Offer to a date on or before 31 August 2015.

(iv) Underwriting agreement in relation to the Open Offer

On 27 July 2015, Bio Garden and the Company entered into an underwriting agreement (the "Underwriting Agreement") in relation to the underwriting of the new Shares offered under the Open Offer of the Company as announced in the announcement of the Company dated 27 July 2015. Pursuant to the Underwriting Agreement, Bio Garden agreed to underwrite not less than 800,279,649 untaken Offer Shares and not more than 976,332,383 Offer Shares in its capacity as an underwriter in consideration of an underwriting fee of approximately HK$19,527,000.

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

The payment of the underwriting fee to Bio Garden constituted a connected transaction for the Company under Chapter 14A of the Listing Rules.

For details, please refer to the announcements dated 29 April 2015, 29 May 2015, 10 July 2015 and 27 July 2015, the circular dated 31 August 2015 and the prospectus dated 29 September 2015 of the Company regarding the Open Offer.

REPORT OF THE DIRECTORS

CONNECTED TRANSACTIONS (continued)

(2) Acquisition of CCBC convertible notes from Magnum Opus International Holdings Limited

On 8 May 2015, the Company entered into a conditional sale and purchase agreement with Magnum Opus International Holdings Limited ("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$193,750,000) held by Magnum (the "Magnum CN") at the cash consideration summarised below (the "Magnum Agreement"):

(a) US$5,100,000;

(b) approximately US$56,377,700 representing the product of the base acquisition price of US$6.40 per CCBC share (the "Base Acquisition Price") and the number of the CCBC shares issuable upon conversion of the Magnum CN (the "Magnum CN Conversion Shares") as of the date on which completion of the Magnum Agreement takes place ("Magnum Completion Date");

(c) the total amount of interest accrued but unpaid on the Magnum CN during the period from 3 October 2014 to the Magnum Completion Date;

(d) (if CCBC declares or pays any dividend or other distribution to holders of CCBC shares between the date of the Magnum Agreement and the Magnum Completion Date ("Magnum Distribution")) the amount per CCBC share of the Magnum Distribution multiplied by the number of the Magnum CN Conversion Shares, to the extent that the Magnum Distribution shall not have been paid to Magnum prior to the Magnum Completion Date; and

(e) an additional payment to be calculated taking into account (I) the sum of (x) the consideration per CCBC share paid to the shareholders of CCBC upon completion of the proposed acquisition of all the outstanding shares of CCBC by the Company or its controlled affiliate (the "CCBC Completion") and (y) the amount per CCBC share of the Magnum Distribution declared after the Magnum Completion Date and prior to the CCBC Completion; (II) the Base Acquisition Price; and (III) the total number of Magnum CN Conversion Shares as of the Magnum Completion Date, such additional payment being payable if the sum of (x) and (y) is higher than the Base Acquisition Price.

Magnum is a company incorporated in the BVI with limited liability and is wholly-owned by Mr. Kam, the Chairman and an executive Director of the Company. Magnum is an associate of Mr. Kam and, therefore, is a connected person of the Company. Accordingly, the acquisition of Magnum CN constituted a connected transaction for the Company.

The resolution approving the Magnum Agreement was passed at the extraordinary general meeting of the Company held on 15 October 2015. The acquisition was completed in December 2015. Further details of the acquisition of the Magnum CN are set out in the Company's announcement dated 8 May 2015 and the Company's circular dated 26 September 2015.

CONNECTED TRANSACTIONS (continued)

(3) Acquisition of CCBC convertible notes from Excellent China Healthcare Investment Limited

On 3 November 2015, the Company entered into a conditional sale and purchase agreement with Excellent China Healthcare Investment Limited ("Excellent China"), a wholly owned subsidiary of Magnum Opus 2 International Holdings Limited ("Magnum 2"), to acquire the 7% senior convertible notes issued by CCBC to Brilliant China Healthcare Investment Limited (formerly known as KKR China Healthcare Investment Limited) ("KKR") due April 2017 in an aggregate outstanding principal amount of US$65,000,000 convertible into the shares of CCBC (the "KKR CN") for a cash consideration of approximately US$161,784,000 (equivalent to approximately HK$1,261,915,000) (the "Excellent Agreement"), which is the same as the consideration paid by Magnum 2 to KKR for the acquisition of the KKR CN. The acquisition was completed in January 2016.

As Magnum 2 is wholly-owned by Mr. Kam, the Chairman and an executive Director of the Company, Excellent China is indirectly wholly-owned by Mr. Kam. Therefore, Excellent China is an associate of Mr. Kam and therefore a connected person of the Company. Accordingly, the acquisition of the KKR CN from Excellent China constituted a connected transaction for the Company under Chapter 14A of the Listing Rules.

The resolution approving the Excellent Agreement was passed at the extraordinary general meeting of the Company held on 4 January 2016. Further details of the Excellent Agreement are set out in the Company's announcement dated 3 November 2015 and the Company's circular dated 15 December 2015.

(4) Acquisition of 357,331 CCBC shares from Mr. Kam (the "Kam CCBC Shares Acquisition")

On 30 November 2015, the Company and Mr. Kam entered into a conditional sale and purchase agreement to acquire 357,331 CCBC shares beneficially owned by Mr. Kam (the "Kam CCBC Shares") at the cash consideration summarised below (the "Kam CCBC Shares Agreement"):

(a) the product of the Base Acquisition Price and the total number of the Kam CCBC Shares, which equals to approximately US$2,287,000 (equivalent to approximately HK$17,839,000) as of the date on which completion of the Kam CCBC Shares Agreement takes place ("Kam CCBC Shares Completion Date"); and

(b) (if CCBC declares or pays any dividend or other distribution to holders of CCBC Shares between the date of the Kam CCBC Shares Agreement and the Kam CCBC Shares Completion Date ("Kam CCBC Distribution")), the amount per CCBC share of the Kam CCBC Distribution multiplied by the number of the Kam CCBC Shares as of the Kam CCBC Shares Completion Date, to the extent that the Kam CCBC Distribution shall not have been paid to Mr. Kam prior to the Kam CCBC Shares Completion Date.

Mr. Kam is (i) the Chairman and an executive Director of the Company; and (ii) a controlling shareholder of the Company holding approximately 37.70% of the total issued share capital of the Company through Bio Garden. Mr. Kam is therefore a connected person of the Company. Accordingly, the Kam CCBC Shares Acquisition constituted a connected transaction for the Company under Chapter 14A of the Listing Rules.

The resolution approving the Kam CCBC Shares Acquisition was passed at the extraordinary general meeting of the Company held on 4 January 2016. The acquisition was completed in January 2016. Further details of the Kam CCBC Shares Acquisition are set out in the Company's announcement dated 30 November 2015 and the Company's circular dated 15 December 2015.

REPORT OF THE DIRECTORS

RELATED PARTY TRANSACTIONS

Details of the related party transactions undertaken by the Group during the year ended 31 March 2016 are set out in note 37 to the financial statements. The Company has complied with the applicable requirements under the Listing Rules for those related party transactions which constituted non-exempt connected transactions/ continuing connected transactions under the Listing Rules. Other related party transactions either did not constitute connected transactions/continuing connected transactions or constituted connected transactions/ continuing connected transactions but were exempted from all disclosure and independent shareholders' approval requirements under the Listing Rules.

CHANGE IN INFORMATION OF DIRECTORS AND CHIEF EXECUTIVES

There is no change in the information of the Directors and chief executives since the publication of the interim report of the Company for the six months ended 30 September 2015 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 TRANSACTIONS

(i) Acquisition of CCBC convertible notes

(a) On 4 May 2015, the Company entered into a conditional sale and purchase agreement with KKR to acquire the KKR CN from KKR at the cash consideration summarised below (the "KKR Agreement"):

(A) US$13,300,000;

(B) approximately US$146,582,000 representing the product of the Base Acquisition Price and the number of the CCBC shares issuable upon conversion of the KKR CN (the "KKR CN Conversion Shares") as of the date on which completion of the KKR Agreement takes place ("KKR Completion Date");

(C) the total amount of interest accrued but unpaid on the KKR CN during the period from 27 April 2015 to the KKR Completion Date;

(D) (if CCBC declares or pays any dividend or other distribution to holders of CCBC shares between the date of the KKR Agreement and the KKR Completion Date ("KKR Distribution")) the amount per CCBC share of the KKR Distribution multiplied by the number of the KKR CN Conversion Shares, to the extent that the KKR Distribution shall not have been paid to KKR prior to the KKR Completion Date; and

(E) an additional payment to be calculated taking into account (I) the sum of (x) the consideration per CCBC share paid to the shareholders of CCBC upon the CCBC Completion and (y) the amount per CCBC share of the KKR Distribution declared after the KKR Completion Date and prior to the CCBC Completion; (II) the Base Acquisition Price; and (III) the total number of KKR CN Conversion Shares as of the KKR Completion Date, such additional payment being payable if the sum of (x) and (y) is higher than the Base Acquisition Price.

On 26 August 2015, the Company entered into a termination agreement (the "KKR Termination Agreement") with KKR pursuant to which the parties thereunder agreed to terminate the KKR Agreement.

Further details of the KKR Agreement and the KKR Termination Agreement are set out in the Company's announcements dated 4 May 2015 and 26 August 2015 respectively.

REPORT OF THE DIRECTORS

OTHER TRANSACTIONS (continued)

(i) Acquisition of CCBC convertible notes (continued)

(b) On 8 May 2015, the Company entered into a conditional sale and purchase agreement with Cordlife Group Limited ("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 HK$193,750,000) held by CGL (the "CGL CN"), and the 7,314,015 ordinary shares of CCBC held by CGL (the "CGL Sale Shares") at the consideration summarised below (the "CGL Agreement"):

in respect of the CGL CN

(A) US$5,100,000;

(B) approximately US$56,377,700 representing the product of the Base Acquisition Price and the number of the CCBC shares issuable upon conversion of the CGL CN (the "CGL CN Conversion Shares") as of the date on which completion of the CGL Agreement takes place ("CGL Completion Date");

(C) the total amount of interest accrued but unpaid on the CGL CN during the period from 3 October 2014 to the CGL Completion Date; and

(D) (if CCBC declares or pays any dividend or other distribution to holders of CCBC shares between the date of the CGL Agreement and the CGL Completion Date ("CGL Distribution")) the amount per CCBC share of the CGL Distribution multiplied by the number of the CGL CN Conversion Shares, to the extent that the CGL Distribution shall not have been paid to CGL prior to the CGL Completion Date.

in respect of the CGL Sale Shares

(A) approximately US$46,809,700 representing the product of the Base Acquisition Price and the number of the CGL Sale Shares; and

(B) (if CCBC declares any CGL Distribution between the date of the CGL Agreement and the CGL Completion Date) the amount per CCBC share of such CGL Distribution multiplied by the number of the CGL Sale Shares as of the CGL Completion Date, to the extent that the CGL Distribution shall not have been paid to CGL prior to the CGL Completion Date.

Further, there is an additional payment to be calculated taking into account (I) the sum of (x) the consideration per CCBC share paid to the shareholders of CCBC upon the CCBC Completion and (y) the amount per CCBC share of the CGL Distribution declared after the CGL Completion Date and prior to the CCBC Completion; (II) the Base Acquisition Price; and (III) the total number of the CGL Sale Shares and the CGL CN Conversion Shares as of the CGL Completion Date, such additional payment being payable if the sum of (x) and (y) is higher than the Base Acquisition Price.

OTHER TRANSACTIONS (continued)

(i) Acquisition of CCBC convertible notes (continued)

(b) (continued)

The resolution approving the CGL Agreement was passed at the extraordinary general meeting of the Company held on 15 October 2015. The acquisitions of the CGL CN and the CGL Sale Shares were completed in November 2015 and the total cash consideration of approximately US$108,487,000 (equivalent to approximately HK$846,199,000) was paid.

Further details of the acquisition of the CGL CN and the CGL Sale Shares are set out in the Company's announcement dated 8 May 2015 and the Company's circular dated 26 September 2015.

(ii) Possible disposal of CCBC

On 5 November 2015, the Company entered into a non-legally binding memorandum of understanding (the "MOU") with Nanjing Xinjiekou Department Store Co., Ltd.* (南京新街口百貨商店股份有限公司) ("Nanjing Xinjiekou"). Pursuant to the MOU, Nanjing Xinjiekou intended to acquire from the Company the CCBC shares issuable upon conversion of each of (i) the KKR CN, (ii) the CGL CN and (iii) the Magnum CN, the CGL Sale Shares and 30,681,266 CCBC shares held by the Group as at 5 November 2015 at a consideration subject to further negotiation between the Company and Nanjing Xinjiekou with reference to the valuation of the relevant CCBC shares, which was preliminarily expected to be not less than RMB7.255 billion proposed to be settled by Nanjing Xinjiekou issuing its new shares representing an amount of not less than RMB4.0 billion and the remaining RMB3.255 billion was proposed to be settled by cash.

Further details of the possible disposal are set out in the Company's announcement dated 5 November 2015.

(iii) Issue of promissory notes

On 4 December 2015, the Company, COM Company Limited ("COM") (a wholly-owned subsidiary of the Company), Mr. Kam and Blue Ocean Structure Investment Company Ltd. (the "Investor") entered into a conditional subscription agreement, pursuant to which promissory notes in the aggregate principal amount of US$250,000,000 million had been issued to the Investor.

The proceeds had been used for the acquisitions of the KKR CN and the Magnum CN. Further details of the promissory notes are set out in the Company's announcements dated 4 December 2015 and 5 January 2016 respectively. As disclosed in the announcement of the Company dated 5 January 2016, the issuer of the promissory notes had been changed from COM to Golden Meditech Stem Cells (BVI) Company Limited ("GMSC"), a wholly-owned subsidiary of the Company.

* English name is for identification purpose only.

REPORT OF THE DIRECTORS

OTHER TRANSACTIONS (continued)

(iv) Disposal of the Group's 65.4% (on a fully converted basis) interest in CCBC (the "Disposal") in return for new shares in Nanjing Xinjiekou (the "Acquisition") and cash

On 6 January 2016, GMSC (as vendor), and the Company (as guarantor) entered into a sale and purchase agreement in relation to the proposed disposal of (1) the CGL CN Conversion Shares, the KKR CN Conversion Shares, the Magnum CN Conversion Shares and 38,352,612 CCBC shares in issue and held by GMSC, being an aggregate of 78,874,106 CCBC shares or (2) 78,874,106 shares in CCBC as the surviving company in the long form merger described in the announcement of the Company dated 6 January 2016 ((1) and (2) each referred to as "Target CCBC Shares A") ("Agreement A") with Nanjing Xinjiekou (as purchaser), pursuant to which GMSC conditionally agreed to sell, and Nanjing Xinjiekou conditionally agreed to acquire, the Target CCBC Shares A at the consideration of RMB5,764 million (equivalent to approximately HK$6,917 million) to be settled partly in cash to the extent of RMB3,264 million and the balance of RMB2,500 million to be settled by Nanjing Xinjiekou issuing its new shares at the initial issue price of RMB18.61 per share.

On 6 January 2016, GMSC and Nanjing Xinjiekou entered into a profit compensation agreement (the "Profit Compensation Agreement") pursuant to Agreement A, whereby GMSC has agreed to compensate Nanjing Xinjiekou if the net profit of CCBC for the fiscal years ending 31 December of 2016, 2017 and 2018 is less than RMB300 million (equivalent to approximately HK$360 million), RMB360 million (equivalent to approximately HK$432 million) and RMB432 million (equivalent to approximately HK$518 million) respectively.

The resolution approving the Disposal, the Acquisition and the Profit Compensation Agreement was passed at the extraordinary general meeting of the Company held on 15 June 2016.

Further details of the Disposal, the Acquisition and the Profit Compensation Agreement are set out in the Company's announcement dated 13 January 2016 and the circular dated 26 May 2016.

(v) Disposal of 34.6% (on a fully converted basis) interest in CCBC

On 6 January 2016, GMSC and the Company (as guarantor) entered into another conditional sale and purchase agreement with Nanjing Xinjiekou (the "Agreement B"), pursuant to which, GMSC conditionally agreed to sell, and Nanjing Xinjiekou conditionally agreed to acquire the remaining approximately 34.6% ordinary shares of CCBC, at a consideration of US$267,076,000 (equivalent to approximately HK$2,083,000,000) (the "Consideration B"), if the privatisation of CCBC by the Company is completed. Consideration B shall be settled by Nanjing Xinjiekou in cash.

Further details of the above transaction is set out in the Company's announcements dated 13 January 2016.

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, 28 June 2016

INDEPENDENT AUDITOR'S REPORT

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

(Incorporated in the Cayman Islands with limited liability)

We have audited the consolidated financial statements of Golden Meditech Holdings Limited (the "Company") and its subsidiaries (together "the Group") set out on pages 68 to 184, which comprise the consolidated statement of financial position as at 31 March 2016, 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.

INDEPENDENT AUDITOR'S REPORT

OPINION

In our opinion, the consolidated financial statements give a true and fair view of the financial position of the Group as at 31 March 2016 and of the Group's financial performance and cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards and have been properly prepared in compliance 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

28 June 2016

CONSOLIDATED INCOME STATEMENT

for the year ended 31 March 2016
(Expressed in Hong Kong dollars)

	Note	**2016** **$'000**	2015 $'000 (Note 32)
Continuing operations			
Revenue	4	**281,558**	269,582
Cost of sales		**(152,490)**	(140,238)
Gross profit		**129,068**	129,344
Other income	5	**24,622**	136,892
Selling expenses		**(15,580)**	(16,215)
Administrative expenses		**(400,439)**	(284,883)
Impairment loss on available-for-sale equity securities	6(c)	**(2,911)**	—
Loss from operations		**(265,240)**	(34,862)
Finance costs	6(a)	**(144,467)**	(66,284)
Changes in fair value of financial liabilities at fair value through profit or loss	28	**(17,250)**	8,551
Impairment loss on non-current assets classified as held for sale	16	**—**	(759,934)
Loss before taxation	6	**(426,957)**	(852,529)
Income tax expense	7(a)	**(4,327)**	(18,442)
Loss for the year from continuing operations		**(431,284)**	(870,971)
Discontinuing operation			
Loss for the year from discontinuing operation	32	**(357,268)**	(10,466)
Loss for the year		**(788,552)**	(881,437)

CONSOLIDATED INCOME STATEMENT

for the year ended 31 March 2016
(Expressed in Hong Kong dollars)

	Note	**2016** **$'000**	2015 $'000 (Note 32)
Attributable to:			
Equity shareholders of the Company			
– continuing operations		**(405,561)**	(863,747)
– discontinuing operation		**(280,951)**	57,887
		(686,512)	(805,860)
Non-controlling interests			
– continuing operations		**(25,723)**	(7,224)
– discontinuing operation		**(76,317)**	(68,353)
		(102,040)	(75,577)
Loss for the year		**(788,552)**	(881,437)
Basic and diluted (loss)/earnings per share (in cents)	11		
– continuing operations		**(17.2)**	(49.6)
– discontinuing operation		**(11.9)**	3.3
		(29.1)	(46.3)

The notes on pages 77 to 184 form part of these financial statements.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

for the year ended 31 March 2016
(Expressed in Hong Kong dollars)

	Note	**2016** **$'000**	2015 $'000 (Note 32)
Loss for the year		**(788,552)**	(881,437)
Other comprehensive income for the year (after tax and reclassification adjustments)			
Items that may be reclassified subsequently to profit or loss:			
Exchange differences on translation of financial statements to presentation currency	10	**(236,387)**	32,912
Available-for-sale securities: net movement in fair value reserve	10	**53,710**	(39,497)
Other comprehensive income for the year		**(182,677)**	(6,585)
Total comprehensive income for the year		**(971,229)**	(888,022)
Attributable to:			
Equity shareholders of the Company			
– continuing operations		**(518,775)**	(855,445)
– discontinuing operation		**(309,924)**	51,468
		(828,699)	(803,977)
Non-controlling interests			
– continuing operations		**(28,217)**	(6,852)
– discontinuing operation		**(114,313)**	(77,193)
		(142,530)	(84,045)
Total comprehensive income for the year		**(971,229)**	(888,022)

The notes on pages 77 to 184 form part of these financial statements.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

at 31 March 2016

(Expressed in Hong Kong dollars)

	Note	2016 $'000	2015 $'000
Non-current assets			
Property, plant and equipment	12(a)	**1,315,667**	2,123,342
Interests in leasehold land held for own use under operating leases	12(a)	**1,575,849**	1,651,632
		2,891,516	3,774,974
Intangible assets	13	**—**	161,876
Goodwill	14	**491,410**	582,365
Available-for-sale securities	17	**96,189**	483,139
Inventories	18	**—**	73,074
Trade and other receivables	19	**—**	508,673
Deferred tax assets	27(b)	**13,967**	18,261
		3,493,082	5,602,362
Current assets			
Available-for-sale securities	17	**—**	63,867
Inventories	18	**17,288**	37,598
Trading securities	20	**—**	98,945
Trade and other receivables	21	**122,247**	306,056
Time deposits	22	**83,829**	86,169
Cash and cash equivalents	23(a)	**890,333**	3,959,389
		1,113,697	4,552,024
Assets of disposal group classified as held for sale	32	**5,686,204**	—
		6,799,901	4,552,024
Current liabilities			
Trade and other payables	24	**353,179**	488,024
Interest-bearing borrowings	25	**2,697,537**	202,711
Obligations under finance leases	26	**3,789**	1,482
Income tax payables	27(a)	**64,134**	79,738
Deferred income	29	**—**	279,341
		3,118,639	1,051,296
Liabilities of disposal group classified as held for sale	32	**2,377,303**	—
		5,495,942	1,051,296
Net current assets		**1,303,959**	3,500,728
Total assets less current liabilities		**4,797,041**	9,103,090

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

at 31 March 2016
(Expressed in Hong Kong dollars)

	Note	**2016** **$'000**	2015 $'000
Non-current liabilities			
Other payables	24	—	323,134
Interest-bearing borrowings	25	—	749,913
Obligations under finance leases	26	**22,971**	2,078
Financial liabilities at fair value through profit or loss	28	**155,339**	1,835,268
Deferred tax liabilities	27(b)	**149,842**	163,144
Deferred income	29	—	1,392,878
Other non-current liabilities		**403**	424
		328,555	4,466,839
NET ASSETS		**4,468,486**	4,636,251
CAPITAL AND RESERVES			
Share capital	30(b)	**593,228**	359,572
Reserves	30(c)	**3,079,572**	3,229,703
Total equity attributable to equity shareholders of the Company		**3,672,800**	3,589,275
Non-controlling interests		**795,686**	1,046,976
TOTAL EQUITY		**4,468,486**	4,636,251

Approved and authorised for issue by the board of directors on 28 June 2016.

KAM Yuen
Director

KONG Kam Yu
Director

The notes on pages 77 to 184 form part of these financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

for the year ended 31 March 2016
(Expressed in Hong Kong dollars)

		Attributable to equity shareholders of the Company												
	Note	Share capital $'000	Share premium $'000	Capital redemption reserve $'000	Capital reserve $'000	Merger reserve $'000	Exchange reserve $'000	Surplus reserve $'000	Fair value reserve $'000	Other reserves $'000	Retained profits $'000	Total $'000	Non-controlling interests $'000	Total equity $'000
Balance at 1 April 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
Changes in equity for the year ended 31 March 2016:														
Loss for the year		—	—	—	—	—	—	—	—	—	(686,512)	(686,512)	(102,040)	(788,552)
Other comprehensive income		—	—	—	—	—	(167,999)	—	25,812	—	—	(142,187)	(40,490)	(182,677)
Total comprehensive income for the year		—	—	—	—	—	(167,999)	—	25,812	—	(686,512)	(828,699)	(142,530)	(971,229)
Dividend approved in respect of the previous year	30(b)(ii)	1,810	7,219	—	—	—	—	—	—	—	(25,628)	(16,599)	—	(16,599)
Dividends to holders of non-controlling interests		—	—	—	—	—	—	—	—	—	—	—	(17,858)	(17,858)
Shares issued upon warrants conversion	30(b)(iii)	6,707	40,237	—	—	—	—	—	—	—	—	46,944	—	46,944
Placing of shares under general mandate	30(b)(v)	28,000	109,703	—	—	—	—	—	—	—	—	137,703	—	137,703
Shares issued upon open offer	30(b)(vi)	197,139	767,138	—	—	—	—	—	—	—	—	964,277	—	964,277
Acquisition of additional interests in subsidiaries	31(c)	—	—	—	—	—	2,108	—	13,800	(269,226)	—	(253,318)	(129,636)	(382,954)
Share options lapsed		—	—	—	(10,164)	—	—	—	—	—	10,164	—	—	—
Equity settled share-based payment expenses	33(b)	—	—	—	33,217	—	—	—	—	—	—	33,217	38,734	71,951
Transfer to surplus reserve		—	—	—	—	—	—	20,372	—	—	(20,372)	—	—	—
Balance at 31 March 2016		593,228	3,293,087	11,679	65,189	54,193	327,364	231,098	79,901	(1,016,492)	33,553	3,672,800	795,686	4,468,486

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

for the year ended 31 March 2016
(Expressed in Hong Kong dollars)

	Note	Attributable to equity shareholders of the Company												Non-controlling interests	Total equity
		Share capital	Share premium	Capital redemption reserve	Capital reserve	Merger reserve	Exchange reserve	Surplus reserve	Fair value reserve	Other reserves	Retained profits	Amounts recognised in other comprehensive income and accumulated in equity relating to non-current assets classified as held for sale	Total		
		$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'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	30(b)(ii)	1,820	8,951	–	–	–	–	–	–	–	(51,264)	–	(40,493)	–	(40,493)
Dividend approved in respect of the previous year	30(b)(ii)	499	2,639	–	–	–	–	–	–	–	(44,667)	–	(41,529)	–	(41,529)
Shares issued upon warrants conversion	30(b)(iii)	19	117	–	–	–	–	–	–	–	–	–	136	–	136
Acquisition of additional interests in subsidiaries	30(b)(iv) & 31	15,475	82,017	–	–	–	(44,428)	6,004	–	(39,139)	–	–	19,929	(238,699)	(218,770)
Equity settled share-based payment expenses	33(b)	–	–	–	8,741	–	–	–	–	–	–	–	8,741	12,097	20,838
Provision on non-current assets classified as held for sale	16	–	–	–	–	–	–	–	–	–	–	(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

The notes on pages 77 to 184 form part of these financial statements.

CONSOLIDATED CASH FLOW STATEMENT

for the year ended 31 March 2016
(Expressed in Hong Kong dollars)

	Note	**2016** **$'000**	2015 $'000
Operating activities			
Cash generated from operations	23(b)	**620,140**	1,002,408
The People's Republic of China ("PRC") income tax paid		**(76,493)**	(76,010)
PRC income tax refund		**—**	22,992
Net cash generated from operating activities		**543,647**	949,390
Investing activities			
Proceeds from sale of property, plant and equipment		**184**	34
Payments for purchase of property, plant and equipment		**(158,671)**	(273,994)
Advances to a third party		**—**	(6,335)
Amounts received from advances to a third party		**6,348**	—
Proceeds from disposals of trading securities		**102,399**	—
Payments for purchase of trading securities		**—**	(19,034)
Earnest money received from disposal of available-for-sale securities		**—**	414
Net proceeds from disposal of available-for-sale securities		**66,268**	—
Proceeds from investment income of available-for-sale securities		**6,997**	—
Payments for purchase of available-for-sale securities		**(2,376)**	(67,491)
Payments for acquisitions of time deposits		**(83,829)**	(86,169)
Proceeds from disposals of time deposits		**86,169**	86,260
Interest income from bank deposits		**16,962**	16,305
Dividend income from trading securities	5	**970**	1,385
Dividend income from available-for-sale securities	5	**60,608**	2,953
Net cash generated from/(used in) investing activities		**102,029**	(345,672)

CONSOLIDATED CASH FLOW STATEMENT

for the year ended 31 March 2016
(Expressed in Hong Kong dollars)

	Note	**2016 $'000**	2015 $'000
Financing activities			
Proceeds from issuance of new shares upon warrants conversion	30(b)(iii)	**46,944**	136
Net proceeds from placing of shares under general mandate	30(b)(v)	**137,703**	—
Net proceeds from issuance of new shares upon open offer	30(b)(vi)	**964,277**	—
Payments for acquisitions of additional interests in subsidiaries	31	**(432,954)**	(114,994)
Net proceeds from new interest-bearing borrowings		**2,136,411**	941,297
Repayments of interest-bearing borrowings		**(384,009)**	(863,133)
Payments for dividends to equity shareholders of the Company		**(16,589)**	(82,058)
Payments for dividends to holders of non-controlling interests		**(17,858)**	—
Net proceeds from deemed issuance of convertible notes issued by a subsidiary	28	**—**	687,102
Payments for deemed redemption of convertible notes issued by a subsidiary	28	**(2,225,785)**	—
Net proceeds from issuance of convertible notes	28	**—**	155,220
Payments for transaction costs of issuance of convertible notes		**—**	(6,166)
Interest paid on interest-bearing borrowings		**(55,925)**	(55,420)
Interest paid on convertible notes	28	**(68,564)**	(35,490)
Capital element of finance leases rentals paid		**(3,257)**	(1,691)
Interest element of finance leases rentals paid		**(1,419)**	(122)
Net cash generated from financing activities		**78,975**	624,681
Net increase in cash and cash equivalents		**724,651**	1,228,399
Cash and cash equivalents at beginning of the year		**3,959,389**	2,711,714
Effects of foreign exchange rates changes		**(176,510)**	19,276
Cash and cash equivalents at end of the year	23(a)	**4,507,530**	3,959,389
Analysis of cash and cash equivalents			
Cash and cash equivalents of the Group		**4,507,530**	3,959,389
Reclassification to assets of disposal group classified as held for sale	32	**(3,617,197)**	—
	23(a)	**890,333**	3,959,389

The notes on pages 77 to 184 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"), accounting principles generally accepted in Hong Kong and the requirements of the Hong Kong Companies Ordinance. These financial statements also comply with the applicable disclosure provisions of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (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.

NOTES TO THE FINANCIAL STATEMENTS

(Expressed in Hong Kong dollars unless otherwise indicated)

2 SIGNIFICANT ACCOUNTING POLICIES (continued)

(b) Basis of preparation of the financial statements

The consolidated financial statements for the year ended 31 March 2016 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.

Non-current assets and disposal groups held for sale are stated at the lower of carrying amount and fair value less costs to sell (note 2(y)).

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

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

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

(c) Changes in accounting policies

The HKICPA has issued a number of amendments to HKFRSs that are first effective for the current accounting period of the Group.

- Amendments to HKAS 19, *Employee benefits: Defined benefit plans: Employee contributions*
- *Annual Improvements to HKFRSs 2010-2012 Cycle*
- *Annual Improvements to HKFRSs 2011-2013 Cycle*

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 gains but only to the extent that there is no evidence of impairment.

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

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

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)).

NOTES TO THE FINANCIAL STATEMENTS

(Expressed in Hong Kong dollars unless otherwise indicated)

2 SIGNIFICANT ACCOUNTING POLICIES (continued)

(e) Associates and joint ventures

An associate is an entity in which the Group 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 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. 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.

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)).

2 SIGNIFICANT ACCOUNTING POLICIES (continued)

(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 profit or loss on disposal.

(g) Other investments in debt and equity securities

The Group'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).

NOTES TO THE FINANCIAL STATEMENTS

(Expressed in Hong Kong dollars unless otherwise indicated)

2 SIGNIFICANT ACCOUNTING POLICIES (continued)

(g) Other investments in debt and equity securities (continued)

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.

(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)).

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

2 SIGNIFICANT ACCOUNTING POLICIES (continued)

(i) Property, plant and equipment (continued)

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

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

No depreciation is provided for construction in progress.

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

(j) Intangible assets (other than goodwill)

Expenditure on research activities is recognised as an expense in the period in which it is incurred. Expenditure on development activities is capitalised if the product or process is technically and commercially feasible and the Group has sufficient resources and the intention to complete development. The expenditure capitalised includes the 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.

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:

– Operating rights of cord blood banks	30 years

Both the period and method of amortisation are reviewed annually.

NOTES TO THE FINANCIAL STATEMENTS

(Expressed in Hong Kong dollars unless otherwise indicated)

2 SIGNIFICANT ACCOUNTING POLICIES (continued)

(k) Leased assets

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

(i) Classification of assets leased to the Group

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

(ii) Assets acquired under finance leases

Where the Group acquires the use of assets under finance leases, the amounts representing the fair value of the leased assets, or, if lower, the present value of the minimum lease payments, of such assets are recognised as property, plant and equipment 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.

(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.

2 SIGNIFICANT ACCOUNTING POLICIES (continued)

(l) Impairment of assets

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

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

– significant financial difficulty of the debtor;

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

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

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

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

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

– For investments in associates and joint ventures accounted for under the equity method in the consolidated financial statements (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.

NOTES TO THE FINANCIAL STATEMENTS

(Expressed in Hong Kong dollars unless otherwise indicated)

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.

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

2 SIGNIFICANT ACCOUNTING POLICIES (continued)

(l) Impairment of assets (continued)

(ii) Impairment of other assets

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

– property, plant and equipment;

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

– intangible assets;

– goodwill; and

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

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

– Calculation of recoverable amount

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

– Recognition of impairment losses

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

NOTES TO THE FINANCIAL STATEMENTS

(Expressed in Hong Kong dollars unless otherwise indicated)

2 SIGNIFICANT ACCOUNTING POLICIES (continued)

(l) Impairment of assets (continued)

(ii) Impairment of other assets (continued)

– Reversals of impairment losses

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

A reversal of 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 2(l)(ii)).

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

(m) Inventories

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

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

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

2 SIGNIFICANT ACCOUNTING POLICIES (continued)

(m) Inventories (continued)

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

(n) Trade and other receivables

Trade and other receivables are initially recognised at fair value and thereafter stated at amortised cost using the effective interest method, less allowance for impairment of doubtful debts (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. Instalments receivables which are due for repayment in over one year under deferred payment options are classified as non-current trade receivables.

(o) Convertible notes

Convertible notes issued by the Group have been designated as 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. 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.

NOTES TO THE FINANCIAL STATEMENTS

(Expressed in Hong Kong dollars unless otherwise indicated)

2 SIGNIFICANT ACCOUNTING POLICIES (continued)

(r) Cash and cash equivalents

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

(s) Employee benefits

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

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

(ii) Share-based payments

The fair value of share options 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 adjustments 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.

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.

NOTES TO THE FINANCIAL STATEMENTS

(Expressed in Hong Kong dollars unless otherwise indicated)

2 SIGNIFICANT ACCOUNTING POLICIES (continued)

(t) Income tax (continued)

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

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

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

- in the case of current tax assets and liabilities, the Company or the Group intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously; or
- in the case of deferred tax assets and liabilities, if they relate to income taxes levied by the same taxation authority on either:
  - the same taxable entity; or
  - different taxable entities, which, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered, intend to realise the current tax assets and settle the current tax liabilities on a net basis or realise and settle simultaneously.

(u) 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.

NOTES TO THE FINANCIAL STATEMENTS

(Expressed in Hong Kong dollars unless otherwise indicated)

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 January 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 profit 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 and discontinuing operation

(i) 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 influence over a joint venture or an associate, all the assets and liabilities of that subsidiary or associated with that joint venture or the 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 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.

NOTES TO THE FINANCIAL STATEMENTS

(Expressed in Hong Kong dollars unless otherwise indicated)

2 SIGNIFICANT ACCOUNTING POLICIES (continued)

(y) Non-current assets held for sale and discontinuing operation (continued)

(ii) Discontinuing operation

A discontinuing operation is a component of the Group's business, the operations and cash flows of which can be clearly distinguished from the rest of the Group and which represents a separate major line of business or geographical area of operations, or is part of a single coordinated plan to dispose of a separate major line of business or geographical area of operations, or is a subsidiary acquired exclusively with a view to resale.

Classification as a discontinuing operation occurs upon disposal or when the operation meets the criteria to be classified as held for sale ((i) above), if earlier. It also occurs if the operation is abandoned.

Where an operation is classified as discontinuing, a single amount is presented on the face of the consolidated income statement, which comprises:

– the post-tax profit or loss of the discontinuing operation; and

– the post-tax gain or loss recognised on the measurement to fair value less costs to sell, or on the disposal, of the assets or disposal groups constituting the discontinuing operation.

(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);

2 SIGNIFICANT ACCOUNTING POLICIES (continued)

(z) Related parties (continued)

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

(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);

(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); or

(viii) The entity, or any member of a group of which it is a part, provides key management personnel services to the Group or to the Group's parent.

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.

NOTES TO THE FINANCIAL STATEMENTS

(Expressed in Hong Kong dollars unless otherwise indicated)

3 ACCOUNTING ESTIMATES AND JUDGEMENTS

Notes 14, 33 and 34(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 (continued)

(d) Recognition of deferred tax assets

The Group has recognised deferred tax assets which arose from deductible temporary differences as set out in note 27(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.

NOTES TO THE FINANCIAL STATEMENTS

(Expressed in Hong Kong dollars unless otherwise indicated)

4 REVENUE AND SEGMENT REPORTING

(a) Revenue

The Company acts as an investment holding company and the Group is principally engaged in four main operating segments from continuing operations, including (i) the manufacture and sale of medical devices and related medical accessories; (ii) the provision of hospital management service and hospital operation; (iii) the provision of medical insurance administration service; and (iv) the research and development, manufacture and sale of Chinese herbal medicines; and one operating segment from discontinuing operation – the provision of cord blood storage service.

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

	2016 **$'000**	2015 $'000 (Note 32)
Continuing operations		
Sale of medical devices and medical accessories	**210,670**	194,406
Hospital management service and hospital operation income	**59,688**	63,442
Medical insurance administration service income	**5,932**	5,845
Sale of Chinese herbal medicines	**5,268**	5,889
	281,558	269,582
Discontinuing operation (note 32)		
Cord blood storage service income	**812,944**	800,555
	1,094,502	1,070,137

For the years ended 31 March 2016 and 2015, no customer with whom transactions have exceeded 10% of the Group's revenue. Details of concentrations of credit risk arising from the Group's largest customers are set out in note 34(a).

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

4 REVENUE 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, including medical devices and medical accessories.

- Hospital management segment: the provision of hospital management service and hospital operation 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, manufacture and sale of Chinese herbal medicines.

- Cord blood storage segment, a discontinuing operation: the provision of cord blood stem cell examination, processing, separation and storage service and other related services.

(i) Segment results, assets and liabilities

For the purposes of assessing segment performance and allocating resources between 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 deferred tax assets, trading securities and inter-company receivables. Segment liabilities include trade payables, accruals, interest-bearing borrowings of the PRC subsidiaries, deferred income and other payables attributable to the operating activities of the individual segments with the exception of interest-bearing borrowings of the Company and subsidiaries outside the PRC, 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.

NOTES TO THE FINANCIAL STATEMENTS

(Expressed in Hong Kong dollars unless otherwise indicated)

4 REVENUE 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 2016 and 2015 is set out below:

	Continuing operations								Discontinuing operation			
	Medical devices		Hospital management		Medical insurance administration		Chinese herbal medicines		Cord blood storage		Total	
	2016	2015	**2016**	2015	**2016**	2015	**2016**	2015	**2016**	2015	**2016**	2015
	$'000	$'000	**$'000**	$'000	**$'000**	$'000	**$'000**	$'000	**$'000**	$'000	**$'000**	$'000
Revenue from external customers	**168,707**	175,619	**59,688**	63,442	**5,932**	5,845	**5,268**	5,889	**812,944**	800,555	**1,052,539**	1,051,350
Inter-segment revenue	**41,963**	18,787	**—**	—	**—**	—	**—**	—	**—**	—	**41,963**	18,787
Reportable segment revenue	**210,670**	194,406	**59,688**	63,442	**5,932**	5,845	**5,268**	5,889	**812,944**	800,555	**1,094,502**	1,070,137
Reportable segment profit/(loss)	**52,473**	58,599	**(137,910)**	(110,844)	**(37,359)**	(33,243)	**(16,046)**	(32,107)	**306,347**	323,615	**167,505**	206,020
Depreciation and amortisation for the year	**8,440**	8,560	**60,535**	49,200	**10,305**	11,070	**21,139**	22,101	**62,940**	64,976	**163,359**	155,907
Impairment loss on trade receivables	**95**	45	**894**	421	**495**	—	**—**	—	**24,830**	31,562	**26,314**	32,028
Impairment loss on property, plant and equipment	**—**	—	**—**	—	**—**	—	**—**	2,884	**—**	—	**—**	2,884
Reportable segment assets	**178,403**	400,060	**2,783,092**	2,842,180	**77,853**	84,323	**656,915**	712,058	**5,680,803**	5,240,247	**9,377,066**	9,278,868
Additions to property, plant and equipment	**794**	2,832	**80,778**	235,339	**2,598**	391	**473**	517	**20,788**	28,456	**105,431**	267,535
Reportable segment liabilities	**242,392**	253,678	**247,019**	360,370	**6,415**	750	**1,157**	14,529	**2,378,555**	3,816,540	**2,875,538**	4,445,867

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

4 REVENUE AND SEGMENT REPORTING (continued)

(b) Segment reporting (continued)

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

Revenue

	Continuing operations		Discontinuing operation		Total	
	2016	2015	**2016**	2015	**2016**	2015
	$'000	$'000	**$'000**	$'000	**$'000**	$'000
Reportable segment revenue	**281,558**	269,582	**812,944**	800,555	**1,094,502**	1,070,137

Profit or loss

	Continuing operations		Discontinuing operation		Total	
	2016	2015	**2016**	2015	**2016**	2015
	$'000	$'000	**$'000**	$'000	**$'000**	$'000
Reportable segment (loss)/profit	**(138,842)**	(117,595)	**306,347**	323,615	**167,505**	206,020
Finance costs	**(144,467)**	(66,284)	**(3,739)**	(9,070)	**(148,206)**	(75,354)
Changes in fair value of financial liabilities at fair value through profit or loss	**(17,250)**	8,551	**(597,170)**	(263,976)	**(614,420)**	(255,425)
Management income from a third party	**—**	140,400	**—**	—	**—**	140,400
Impairment loss on non-current assets classified as held for sale	**—**	(759,934)	**—**	—	**—**	(759,934)
Net realised and unrealised gains/(losses) on trading securities	**4,085**	(6,661)	**—**	—	**4,085**	(6,661)
Impairment loss on available-for-sale equity securities	**(2,911)**	—	**—**	—	**(2,911)**	—
Gain on disposal of available-for-sale securities	**2,815**	—	**—**	—	**2,815**	—
Unallocated head office and corporate expenses	**(130,387)**	(51,006)	**—**	—	**(130,387)**	(51,006)
Consolidated (loss)/profit before taxation	**(426,957)**	(852,529)	**(294,562)**	50,569	**(721,519)**	(801,960)

NOTES TO THE FINANCIAL STATEMENTS

(Expressed in Hong Kong dollars unless otherwise indicated)

4 REVENUE AND SEGMENT REPORTING (continued)

(b) Segment reporting (continued)

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

Assets and liabilities

	2016	2015
	$'000	$'000
Assets		
Reportable segment assets	**9,377,066**	9,278,868
Available-for-sale securities	**96,189**	164,923
Trading securities	**—**	98,945
Deferred tax assets	**19,365**	18,261
Unallocated head office and corporate assets	**800,363**	593,389
Consolidated total assets	**10,292,983**	10,154,386
Liabilities		
Reportable segment liabilities	**2,875,538**	4,445,867
Deferred tax liabilities	**149,842**	163,144
Financial liabilities at fair value through profit or loss	**155,339**	146,669
Interest-bearing borrowings of the Company	**566,150**	749,913
Interest-bearing borrowings of a subsidiary	**2,011,151**	—
Unallocated head office and corporate liabilities	**66,477**	12,542
Consolidated total liabilities	**5,824,497**	5,518,135

5 OTHER INCOME

	2016 $'000	2015 $'000 (Note 32)
Continuing operations		
Management income from a third party (i)	—	140,400
Interest income from bank deposits	**6,825**	4,998
VAT refunds (ii)	**3,030**	4,087
Dividend income from trading securities	**485**	1,385
Net realised and unrealised gains/(losses) on trading securities	**4,085**	(6,661)
Net exchange loss	**(1,084)**	(2,146)
Net gain/(loss) on disposal of property, plant and equipment	**19**	(7,599)
Net gain on disposal of available-for-sale securities	**2,815**	—
Others	**8,447**	2,428
	24,622	136,892
Discontinuing operation (note 32)		
Interest income from bank deposits	**11,349**	11,307
Interest income from trade receivables	**10,987**	11,698
Dividend income from available-for-sale securities	**60,608**	2,953
Dividend income from trading securities	**485**	—
Net realised and unrealised (losses)/gains on trading securities	**(631)**	252
Net exchange loss	**(1,192)**	(291)
Net gain/(loss) on disposal of property, plant and equipment	**106**	(29)
Others	**(163)**	862
	81,549	26,752
	106,171	163,644

(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. There is no such income during the year ended 31 March 2016.

(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% (2015: 14%) of sale of software products embedded in the medical devices.

NOTES TO THE FINANCIAL STATEMENTS

(Expressed in Hong Kong dollars unless otherwise indicated)

6 LOSS BEFORE TAXATION

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

(a) Finance costs

	2016 $'000	2015 $'000 (Note 32)
Continuing operations		
Interests on interest-bearing borrowings wholly repayable within five years	**142,325**	70,558
Transaction costs of issuance of convertible notes by the Company	**—**	6,166
Finance charges on obligations under finance leases	**2,142**	122
	144,467	76,846
Less: interest expenses capitalised into construction in progress*	**—**	(10,562)
	144,467	66,284
Discontinuing operation (note 32)		
Interests on interest-bearing borrowings wholly repayable within five years	**3,739**	9,070
	148,206	75,354

* During the year ended 31 March 2015, borrowing costs were capitalised at a rate of 4% per annum.

NOTES TO THE FINANCIAL STATEMENTS

(Expressed in Hong Kong dollars unless otherwise indicated)

6 LOSS BEFORE TAXATION (continued)

(b) Staff costs

	2016 $'000	2015 $'000 (Note 32)
Continuing operations		
Salaries, wages and other benefits	**133,929**	91,444
Contributions to defined contribution retirement plans	**14,254**	13,063
	148,183	104,507
Discontinuing operation		
Salaries, wages and other benefits	**120,814**	117,955
Contributions to defined contribution retirement plans	**25,235**	21,449
Equity settled share-based payment expenses (note 33(b))	**71,951**	20,838
	218,000	160,242
	366,183	264,749

(c) Other items

	2016 $'000	2015 $'000 (Note 32)
Continuing operations		
Amortisation of land lease premium (note 12(a))#	**37,860**	38,371
Depreciation of property, plant and equipment (note 12(a))#	**63,229**	53,076
Impairment losses		
– trade receivables (note 21(b))	**1,484**	466
– non-current assets classified as held for sale (note 16)	**—**	759,934
– available-for-sale equity securities (note 17)	**2,911**	—
– property, plant and equipment (note 12(a))	**—**	2,884
Operating lease charges: minimum lease payments#		
– assets held for own use under operating leases	**13,850**	13,253
– other assets	**127**	131

NOTES TO THE FINANCIAL STATEMENTS

(Expressed in Hong Kong dollars unless otherwise indicated)

6 LOSS BEFORE TAXATION (continued)

(c) Other items (continued)

	2016 $'000	2015 $'000 (Note 32)
Continuing operations (continued)		
Auditors' remuneration		
– audit services	**7,528**	7,872
– other services##	**5,110**	1,658
Research and development costs (other than depreciation and amortisation costs)	**10,018**	14,500
Cost of inventories (note 18(b))#	**81,601**	100,311
Discontinuing operation		
Amortisation of intangible assets (note 13)#	**6,905**	7,098
Depreciation of property, plant and equipment (note 12(a))#	**56,035**	57,878
Impairment losses		
– trade receivables (note 21(b))	**24,830**	31,562
– available-for-sale equity securities (note 17)	**10,474**	—
Operating lease charges: minimum lease payments#		
– assets held for own use under operating leases	**6,006**	5,716
Auditors' remuneration – audit services	**7,309**	6,591
Research and development costs (other than depreciation and amortisation costs)	**8,737**	8,768
Cost of inventories (note 18(b))#	**177,683**	165,017

During the year ended 31 March 2016, cost of inventories includes $99,858,000 (2015: $108,503,000) 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 6(b) for each of these types of expenses.

During the year ended 31 March 2016, other services performed by KPMG primarily related to open offer, several major transactions and financial due diligence works (2015: related to a very substantial disposal and a major transaction).

7 INCOME TAX IN THE CONSOLIDATED INCOME STATEMENT

(a) Continuing operations

(i) Taxation in the consolidated income statement represents:

	2016 **$'000**	2015 $'000 (Note 32)
Current tax – PRC Corporate Income Tax ("CIT")		
Provision for the year	**10,081**	26,323
Over-provision in respect of prior years	**(169)**	(253)
	9,912	26,070
Deferred tax		
Origination and reversal of temporary differences (note 27(b)(i))	**(5,585)**	(7,628)
Total income tax expense	**4,327**	18,442

(ii) Reconciliation between tax expense and accounting loss at applicable tax rates:

	2016 **$'000**	2015 $'000 (Note 32)
Loss before taxation	**(426,957)**	(852,529)
Notional taxation on loss before taxation, calculated at the rates applicable to loss in the related jurisdictions concerned	**(49,909)**	(121,092)
Tax effect of non-deductible expenses	**5,260**	102,564
Tax effect of non-taxable revenues	**(4,390)**	(1,835)
Over-provision in respect of prior years	**(169)**	(253)
Reduced tax rate approved by tax authorities	**(3,079)**	(3,801)
Unused tax losses not recognised	**56,374**	42,859
Withholding tax on profit distributions	**240**	—
Actual tax expense	**4,327**	18,442

NOTES TO THE FINANCIAL STATEMENTS

(Expressed in Hong Kong dollars unless otherwise indicated)

7 INCOME TAX IN THE CONSOLIDATED INCOME STATEMENT (continued)

(b) Discontinuing operation

(i) Taxation in the consolidated income statement represents:

	2016 **$'000**	2015 $'000 (Note 32)
Current tax – PRC CIT		
Provision for the year	**60,755**	60,229
Under-provision in respect of prior years	**1,850**	570
	62,605	60,799
Deferred tax		
Origination and reversal of temporary differences (note 27(b)(i))	**101**	236
Total income tax expense	**62,706**	61,035

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

	2016 **$'000**	2015 $'000 (Note 32)
(Loss)/profit before taxation	**(294,562)**	50,569
Notional taxation on (loss)/profit before taxation, calculated at the rates applicable to (loss)/profit in the related jurisdictions concerned	**97,851**	90,009
Tax effect of non-taxable revenues	**(4,540)**	(239)
Under-provision in respect of prior years	**1,850**	570
Reduced tax rate approved by tax authorities	**(39,670)**	(36,756)
Unused tax losses not recognised	**839**	863
Withholding tax on profit distributions	**6,376**	6,588
Actual tax expense	**62,706**	61,035

7 INCOME TAX IN THE CONSOLIDATED INCOME STATEMENT (continued)

(c) PRC CIT

The Group's subsidiaries in the PRC are subject to PRC CIT.

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"), Guangzhou Municipality Tianhe Nuoya Bio-engineering Co., Ltd. ("Guangzhou Nuoya") and Zhejiang Lukou Biotechnology Co., Ltd. ("Zhejiang Lukou"), all other PRC subsidiaries of the Group are subject to income tax at 25% for the year ended 31 March 2016 (2015: 25%).

Jingjing obtained its latest renewed certificate of high and new technology enterprise ("HNTE") on 30 October 2014 with an effective period of three years ending 31 December 2016. Therefore, income tax expense of Jingjing for the years ended 31 March 2016 and 2015 were calculated based on an income tax rate of 15%.

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 of Beijing Jiachenhong for the years ended 31 March 2016 and 2015 were calculated based on an income tax rate of 15%.

Guangzhou Nuoya obtained its latest renewed certificate of HNTE on 16 October 2013 with an effective period of three years ended 31 December 2015. Management believes that Guangzhou Nuoya meets all the criteria for the renewal of HNTE status. Therefore, income tax expense of Guangzhou Nuoya for the years ended 31 March 2016 and 2015 were calculated based on an income tax rate of 15%.

In September 2015, Zhejiang Lukou was initially certified as HNTE, and thus, qualified to a reduced income tax rate of 15% from 1 January 2015 to 31 December 2017. Therefore, income tax expense of Zhejiang Lukou for the year ended 31 March 2016 was calculated based on an income tax rate of 15% (2015: 25%).

The CIT Law and its relevant regulations also impose a withholding tax at 10% on the foreign investors with respect to dividend distributions made out of the PRC entities from earnings accumulated from 1 January 2008, unless the foreign investors meet certain requirements specified in the relevant tax regulations in the PRC and accordingly are entitled to a preferential rate of 5%.

(d) Hong Kong Profits Tax

No provision for Hong Kong Profits Tax has been made for the years ended 31 March 2016 and 2015 as the Group did not have any profits assessable to Hong Kong Profits Tax during the current and prior years.

NOTES TO THE FINANCIAL STATEMENTS

(Expressed in Hong Kong dollars unless otherwise indicated)

7 INCOME TAX IN THE CONSOLIDATED INCOME STATEMENT (continued)

(e) Cayman Islands tax and British Virgin Islands ("BVI") tax

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

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

8 DIRECTORS' EMOLUMENTS

Directors' emoluments disclosed pursuant to section 383(1) of the Hong Kong Companies Ordinance and Part 2 of the Companies (Disclosure of Information about Benefits of Directors) Regulation are as follows:

	2016					
	Directors' fees $'000	Salaries, allowances and benefits in kind $'000	Discretionary bonuses $'000	Retirement scheme contributions $'000	Equity settled share-based payments (note) $'000	Total $'000
Executive directors						
Mr. KAM Yuen ("Mr. Kam")	—	2,600	10,920	18	—	13,538
Mr. KONG Kam Yu	—	2,340	9,652	18	—	12,010
Mr. YU Kwok Kuen, Harry	—	5,292	2,799	18	—	8,109
Non-executive directors						
Ms. ZHENG Ting	—	3,240	—	18	16,756	20,014
Mr. GAO Yue	60	—	200	—	—	260
Independent non-executive directors						
Prof. CAO Gang	60	—	200	—	—	260
Mr. FENG Wen	60	—	200	—	—	260
Prof. GU Qiao	60	—	200	—	—	260
Mr. Daniel FOA	200	—	200	—	—	400
	440	13,472	24,371	72	16,756	55,111

NOTES TO THE FINANCIAL STATEMENTS

(Expressed in Hong Kong dollars unless otherwise indicated)

8 DIRECTORS' EMOLUMENTS

	2015					
	Directors' fees $'000	Salaries, allowances and benefits in kind $'000	Discretionary bonuses $'000	Retirement scheme contributions $'000	Equity settled share-based payments (note) $'000	Total $'000
Executive directors						
Mr. Kam	—	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

Note: Amounts represent the estimated value of restricted share units (the "RSU(s)") granted to the directors under a subsidiary's RSU scheme. The value of these RSUs is measured according to the Group's accounting policies for share-based payment transactions as set out in note 2(s)(ii) and, in accordance with that policy, include adjustments to reverse amounts accrued in previous years where grants of equity instruments are forfeited prior to vesting.

The details of these benefits in kind, including the principal terms and number of RSUs granted, are disclosed under the paragraph "Share option scheme" in the directors' report and note 33.

NOTES TO THE FINANCIAL STATEMENTS

(Expressed in Hong Kong dollars unless otherwise indicated)

9 INDIVIDUALS WITH HIGHEST EMOLUMENTS

Of the five individuals with the highest emoluments, three (2015: two) are directors whose emoluments are disclosed in note 8. The aggregate of the emoluments in respect of the other two (2015: three) individual is as follows:

	2016	2015
	$'000	$'000
Salaries and other emoluments	**4,848**	5,799
Discretionary bonuses	**—**	—
Share-based payments	**22,670**	9,420
Retirement scheme contributions	**18**	18
	27,536	15,237

The emoluments of the two (2015: three) individuals with the highest emoluments are within the following bands:

	Number of individuals	
	2016	2015
Emoluments bands		
$3,500,001 to $4,000,000	**—**	1
$4,500,001 to $5,000,000	**—**	1
$5,500,001 to $6,500,000	**—**	1
$11,500,001 to $12,000,000	**1**	—
$15,500,001 to $16,000,000	**1**	—
	2	3

10 OTHER COMPREHENSIVE INCOME

Components of other comprehensive income, including reclassification adjustments:

	2016 $'000	2015 $'000
Exchange reserve:		
Exchange differences on translation of financial statements to presentation currency	**(236,387)**	32,912
Less: Income tax	**—**	—
Net movement in exchange reserve during the year recognised in other comprehensive income	**(236,387)**	32,912
Fair value reserve:		
Changes in fair value of available-for-sale securities recognised during the year	**40,325**	(39,497)
Reclassification adjustment for amounts transferred to profit or loss – impairment loss on available-for-sale equity securities (note 17)	**13,385**	—
Less: Income tax	**—**	—
Net movement in fair value reserve during the year recognised in other comprehensive income	**53,710**	(39,497)

NOTES TO THE FINANCIAL STATEMENTS

(Expressed in Hong Kong dollars unless otherwise indicated)

11 (LOSS)/EARNINGS PER SHARE

(a) Basic (loss)/earnings per share

The calculation of basic (loss)/earnings per share is based on consolidated loss attributable to ordinary equity shareholders of the Company of $686,512,000 (2015: $805,860,000) and the weighted average of 2,355,155,000 ordinary shares (2015: 1,741,500,000 ordinary shares) in issue during the year, calculated as follows:

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

	2016 Number of shares '000	2015 Number of shares '000
Issued ordinary shares at 1 April	**1,797,859**	1,708,794
Effect of issue of shares in lieu of cash dividends (note 30(b)(ii))	**3,373**	7,006
Effect of issue of shares upon warrants conversion (note 30(b)(iii))	**27,128**	51
Effect of issue of shares upon acquisition of additional interest in a subsidiary (note 30(b)(iv))	**—**	25,649
Effect of issue of shares upon placing of shares under general mandate (note 30(b)(v))	**100,110**	—
Effect of issue of shares upon open offer (note 30(b)(vi))	**426,685**	—
Weighted average number of ordinary shares at 31 March	**2,355,155**	1,741,500

11 (LOSS)/EARNINGS PER SHARE (continued)

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

(ii) Consolidated (loss)/profit attributable to ordinary equity of the Company

	2016	2015
	$'000	$'000
		(Note 32)
(Loss)/profit attributable to equity shareholders		
– from continuing operations	**(405,561)**	(863,747)
– from discontinuing operation	**(280,951)**	57,887
	(686,512)	(805,860)

(iii) (Loss)/earnings per share

	2016	2015
		(Note 32)
Basic (loss)/earnings per share (in cents)		
– from continuing operations	**(17.2)**	(49.6)
– from discontinuing operation	**(11.9)**	3.3
	(29.1)	(46.3)

(b) Diluted (loss)/earnings per share

The calculation of diluted (loss)/earnings per share is based on the consolidated loss attributable to equity shareholders of the Company of $686,512,000 (2015: $805,860,000) and the weighted average of 2,355,155,000 ordinary shares (2015: 1,741,500,000 ordinary shares).

The calculation of diluted loss per share for the years ended 31 March 2016 and 2015 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.

NOTES TO THE FINANCIAL STATEMENTS

(Expressed in Hong Kong dollars unless otherwise indicated)

12 PROPERTY, PLANT AND EQUIPMENT

(a) Reconciliation of carrying amount

	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 2015	1,570,946	85,072	386,363	50,933	141,565	520,979	2,755,858	1,797,907	4,553,765
Exchange adjustments	(80,822)	(6,616)	(15,518)	(1,636)	(6,633)	(25,970)	(137,195)	(42,068)	(179,263)
Additions	3,397	—	34,394	2,524	6,662	58,754	105,731	—	105,731
Transfer from construction in progress	518,107	—	23,135	—	609	(541,851)	—	—	—
Disposals	—	—	(163)	(1,932)	(3,703)	—	(5,798)	—	(5,798)
Reclassification to assets of disposal group classified as held for sale (note 32)	(702,281)	(17,870)	(178,485)	(19,005)	(49,414)	(632)	(967,687)	—	(967,687)
At 31 March 2016	1,309,347	60,586	249,726	30,884	89,086	11,280	1,750,909	1,755,839	3,506,748
Accumulated amortisation and depreciation:									
At 1 April 2015	256,763	70,707	167,919	31,942	102,301	—	629,632	146,275	775,907
Exchange adjustments	(14,655)	(3,471)	(7,938)	(1,103)	(5,109)	—	(32,276)	(4,145)	(36,421)
Charge for the year	60,555	1,129	35,347	6,332	15,901	—	119,264	37,860	157,124
Written back on disposals	—	—	(160)	(1,822)	(3,682)	—	(5,664)	—	(5,664)
Reclassification to assets of disposal group classified as held for sale (note 32)	(121,418)	(17,870)	(89,067)	(12,872)	(37,224)	—	(278,451)	—	(278,451)
At 31 March 2016	181,245	50,495	106,101	22,477	72,187	—	432,505	179,990	612,495
Impairment loss:									
At 1 April 2015	—	—	—	—	—	2,884	2,884	—	2,884
Exchange adjustments	—	—	—	—	—	(147)	(147)	—	(147)
At 31 March 2016	—	—	—	—	—	2,737	2,737	—	2,737
Net book value:									
At 31 March 2016	1,128,102	10,091	143,625	8,407	16,899	8,543	1,315,667	1,575,849	2,891,516

12 PROPERTY, PLANT AND EQUIPMENT (continued)

(a) Reconciliation of carrying amount (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 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
Transfer from construction in progress	253	—	21,190	—	—	(21,443)	—	—	—
Reclassification	(34,178)	—	—	—	—	34,178	—	—	—
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

NOTES TO THE FINANCIAL STATEMENTS

(Expressed in Hong Kong dollars unless otherwise indicated)

12 PROPERTY, PLANT AND EQUIPMENT (continued)

(b) At 31 March 2016, the Group had pledged interests in leasehold land and buildings with an aggregate carrying amount of $195,318,000 (2015: $219,714,000) as collateral against certain loans granted to the Group by several banks (note 25(a)). Of which, $122,623,000 has been reclassified to assets of disposal group classified as held for sale.

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

	2016 **$'000**	2015 $'000
Outside Hong Kong – medium-term lease	**3,284,814**	2,965,815
Reclassification to assets of disposal group classified as held for sale	**(580,863)**	—
	2,703,951	2,965,815
Representing:		
Buildings held for own use	**1,708,965**	1,314,183
Reclassification to assets of disposal group classified as held for sale	**(580,863)**	—
	1,128,102	1,314,183
Interests in leasehold land held for own use under operating leases	**1,575,849**	1,651,632
	2,703,951	2,965,815

(d) Assets held under finance leases

The Group leases five (2015: five) motor vehicles under finance leases expiring in 5 years and certain machineries (2015: none) under finance leases expiring in 15 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.

During the year ended 31 March 2016, addition in machineries of $24,168,000 were leased under new finance leases (2015: $nil). At end of the year, the net book value of motor vehicles and machineries held under finance leases of the Group was $4,079,000 (2015: $5,799,000) and $21,966,000 (2015: $nil), respectively.

NOTES TO THE FINANCIAL STATEMENTS

(Expressed in Hong Kong dollars unless otherwise indicated)

13 INTANGIBLE ASSETS

	Hospital management service contract rights $'000	Operating rights of cord blood banks $'000	Total $'000
Cost:			
At 1 April 2014	532,335	212,637	744,972
Exchange adjustments	—	1,401	1,401
At 31 March 2015 and 1 April 2015	**532,335**	**214,038**	**746,373**
Exchange adjustments	**—**	**(10,911)**	**(10,911)**
Written off	**(532,335)**	**—**	**(532,335)**
Reclassification to assets of disposal group classified as held for sale (note 32)	**—**	**(203,127)**	**(203,127)**
At 31 March 2016	**—**	**—**	**—**
Accumulated amortisation:			
At 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 and 1 April 2015	**84,287**	**52,162**	**136,449**
Exchange adjustments	**—**	**(2,793)**	**(2,793)**
Charge for the year	**—**	**6,905**	**6,905**
Written off	**(84,287)**	**—**	**(84,287)**
Reclassification to assets of disposal group classified as held for sale (note 32)	**—**	**(56,274)**	**(56,274)**
At 31 March 2016	**—**	**—**	**—**
Impairment loss:			
At 1 April 2014, 31 March 2015 and 1 April 2015	448,048	—	448,048
Written off	(448,048)	—	(448,048)
At 31 March 2016	**—**	**—**	**—**
Net book value:			
At 31 March 2016	**—**	**—**	**—**
At 31 March 2015	—	161,876	161,876

The amortisation charges for the years ended 31 March 2016 and 2015 are included in cost of sales in the consolidated income statement.

NOTES TO THE FINANCIAL STATEMENTS

(Expressed in Hong Kong dollars unless otherwise indicated)

14 GOODWILL

	2016	2015
	$'000	$'000
Cost:		
At beginning of the year	**582,365**	579,246
Exchange adjustments	**(24,292)**	3,119
Reclassification to assets of disposal group classified as held for sale (note 32)	**(66,663)**	—
At end of the year	**491,410**	582,365

Impairment tests for cash-generating units containing goodwill

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

	2016	2015
	$'000	$'000
Medical devices	**506**	506
Cord blood storage	**66,663**	66,663
Hospital management	**452,211**	476,503
Hospital operation	**38,693**	38,693
	558,073	582,365
Reclassification to assets of disposal group classified as held for sale (note 32)	**(66,663)**	—
	491,410	582,365

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 with the final year representing a steady state in development of business. Cash flows beyond the budget period are extrapolated using the estimated rates stated as 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)

14 GOODWILL (continued)

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

Key assumptions used for value-in-use calculations:

	2016 %	2015 %
Gross margin		
Medical devices	**51.0**	51.0
Cord blood storage	**79.0**	79.0
Hospital management	**40.0**	40.0
Hospital operation	**49.0**	50.6
Growth rate		
Medical devices	**1.5**	3.0
Cord blood storage	**8.5**	8.9
Hospital management	**10.6**	9.8
Hospital operation	**4.0**	4.0
Discount rate		
Medical devices	**16.2**	16.2
Cord blood storage	**14.4**	14.4
Hospital management	**13.1**	14.2
Hospital operation	**12.3**	13.5

Management determined the budgeted growth rate and gross margin based on past performance, market data in the same industry 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 on goodwill is recognised in the consolidated income statement.

NOTES TO THE FINANCIAL STATEMENTS

(Expressed in Hong Kong dollars unless otherwise indicated)

15 INTERESTS IN SUBSIDIARIES

The following list contains only the particulars of subsidiaries which principally affected the results, assets or liabilities of the Group. The class of shares held is ordinary unless otherwise stated.

		Proportion of ownership interest				
Name of the Company	Place of incorporation and business	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")	BVI	100.00%	100.00%	—	US$100	Investment holding
GM Hospital Management (China) Company Limited (i)	The PRC	100.00%	—	100.00%	RMB80,000,000	Provision of hospital management services
GM Investment Company Limited ("GM Investment")	Hong Kong	100.00%	100.00%	—	1 share	Investment holding
Shanghai Baisuihang Pharmaceutical Company Limited ("Baisuihang")(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 Ltd. ("SEIMC") (ii)	The PRC	56.00%	—	56.00%	US$5,250,000	Hospital operation
Beijing Qinghe Hospital Company Limited ("Qinghe Hospital Co.") (iii)	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 equipment

NOTES TO THE FINANCIAL STATEMENTS

(Expressed in Hong Kong dollars unless otherwise indicated)

15 INTERESTS IN SUBSIDIARIES (continued)

		Proportion of ownership interest				
Name of the Company	Place of incorporation and business	Group's effective holding	Held by the Company	Held by subsidiaries	Issued/ registered capital	Principal activities
GM-Medicare Management (China) Company Limited (i)	The PRC	70.00%	—	100.00%	US$15,000,000	Provision of medical insurance administration service
Golden Meditech Stem Cells (BVI) Company Limited ("GMSC")	BVI	100.00%	100.00%	—	US$1	Investment holding
China Cord Blood Corporation ("CCBC") (iv)	Cayman Islands	52.44%	—	52.44%	US$7,314	Investment holding
Beijing Jiachenhong ((i) & (iv))	The PRC	52.44%	—	100.00%	RMB280,000,000	Provision of cord blood storage service
Guangzhou Nuoya ((i) & (iv))	The PRC	52.44%	—	100.00%	RMB90,000,000	Provision of cord blood storage service
Zhejiang Lukou ((iii) & (iv))	The PRC	47.20%	—	90.00%	RMB50,000,000	Provision of cord blood storage service

Notes:

(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) After the completion of acquisition of 7,671,346 ordinary share of CCBC from Cordlife Group Limited ("CGL") and Mr. Kam as mentioned in note 31(c), the Group's effective interests in CCBC increased from 41.95% as at 31 March 2015 to 52.44% as at 31 March 2016.

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

NOTES TO THE FINANCIAL STATEMENTS

(Expressed in Hong Kong dollars unless otherwise indicated)

15 INTERESTS IN SUBSIDIARIES (continued)

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 any inter-company elimination.

	2016				
	SEIMC $'000	Qinghe Hospital Co. $'000	CCBC* $'000	Other individually immaterial subsidiaries $'000	Total $'000
NCI percentage	44.00%	17.27%	47.56%		
Current assets	87,249	69,119	3,830,473		
Non-current assets	2,408	1,963,379	1,801,792		
Current liabilities	(15,133)	(1,122,160)	(499,838)		
Non-current liabilities	—	(21,653)	(3,877,423)		
Net assets	74,524	888,685	1,255,004		
Carrying amount of NCI	32,791	153,497	635,538	(26,140)	795,686
Revenue	59,688	—	812,944		
Profit/(loss) for the year	9,749	(98,634)	(117,156)		
Total comprehensive income	4,620	(100,734)	(184,125)		
Profit/(loss) allocated to NCI	4,290	(17,034)	(76,762)	(12,534)	(102,040)
Dividend paid to NCI	(15,840)	—	—	(2,018)	(17,858)
Cash flows generated from/ (used in) operating activities	11,329	(51,979)	701,379		
Cash flows generated from/ (used in) investing activities	903	(132,021)	61,371		
Cash flows (used in)/generated from financing activities	(46,642)	188,686	(68,547)		

* As disclosed in note 32, the Group has reclassified the assets and liabilities of CCBC to disposal group held for sale and the operation of CCBC is accounted for as discontinuing operation in the consolidated financial statements.

15 INTERESTS IN SUBSIDIARIES (continued)

	2015				
	SEIMC $'000	Qinghe Hospital Co. $'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)
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)		

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16 NON-CURRENT ASSETS CLASSIFIED AS HELD FOR SALE

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 Group Limited ("Fortress"), a former associate of the Group, representing approximately 27.9% of the issued share capital of Fortress, for a consideration of approximately US$101,264,000 (equivalent to approximately $789,859,000) (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 ("PAG"), 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 "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 has been informed that a dispute has arisen between two of the shareholders of Fortress. 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.

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.

With the information available as at 31 March 2015, the Company has made an impairment provision of $759,934,000 on its "non-current assets classified as held for sale".

* English name is for identification purpose only.

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

Since the receipt of the notice from the controlling shareholder of Fortress, the Company has taken actions to safeguard its interest, including seeking legal advice and negotiating with relevant parties. Through negotiations, the Company is trying to reach settlement agreements with relevant parties in order to maximise the recovery of its interest in Fortress. No definite agreements have been reached as of the date of this report. The Company is committed to keeping shareholders informed regarding any material development.

17 AVAILABLE-FOR-SALE SECURITIES

	2016 **$'000**	2015 $'000
Non-current		
Equity securities		
Listed outside Hong Kong	**197,022**	158,964
Unlisted	**302,616**	305,294
	499,638	464,258
Debt securities		
Unlisted	**19,205**	18,881
	518,843	483,139
Reclassification to assets of disposal group classified as held for sale (note 32)	**(422,654)**	—
	96,189	483,139
Current		
Equity securities		
Unlisted	**—**	89,241
Less: Impairment loss	**—**	(25,374)
	—	63,867

As at 31 March 2016, certain listed available-for-sale equity securities of the Group were individually determined to be impaired as a result of significant and prolonged decline in their fair value below cost. For the year ended 31 March 2016, impairment loss of $13,385,000 (2015: $nil) was recognised in profit or loss in accordance with the accounting policy set out in note 2(l)(i).

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18 INVENTORIES

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

	2016 $'000	2015 $'000
Non-current		
Capitalised processing costs of donated umbilical cord blood units (i)	**76,681**	73,074
Reclassification to assets of disposal group classified as held for sale (note 32)	**(76,681)**	—
	—	73,074
Current		
Raw materials	**28,397**	24,973
Work in progress	**7,181**	5,755
Finished goods	**6,072**	6,870
	41,650	37,598
Reclassification to assets of disposal group classified as held for sale (note 32)	**(24,362)**	—
	17,288	37,598
	17,288	110,672

(i) The Group collects, tests, freezes and stores donated umbilical cord blood units 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.

18 INVENTORIES (continued)

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

	2016 $'000	2015 $'000 (Note 32)
Carrying amount of inventories sold and consumed		
– continuing operations	**81,601**	100,311
– discontinuing operation	**177,683**	165,017
	259,284	265,328

19 NON-CURRENT TRADE AND OTHER RECEIVABLES

	2016 $'000	2015 $'000
Trade receivables (note 21)	**198,402**	246,088
Investment deposit (i)	**262,544**	262,544
Prepayments and deposits	**25**	41
	460,971	508,673
Reclassification to assets of disposal group classified as held for sale (note 32)	**(460,971)**	—
	—	508,673

(i) Investment deposit as at 31 March 2016 and 2015 represented refundable earnest money for a potential healthcare investment.

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(Expressed in Hong Kong dollars unless otherwise indicated)

19 NON-CURRENT TRADE AND OTHER RECEIVABLES (continued)

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

	2016 $'000	2015 $'000
Fiscal year ending 31 March		
2017	—	39,914
2018	**42,310**	39,116
2019	**38,913**	36,910
2020	**34,705**	37,448
2021 and thereafter (for 2015)	**31,589**	233,267
2022 and thereafter (for 2016)	**182,969**	—
Less: Unearned interest income	**(56,777)**	(70,617)
Allowance for doubtful debts (note 21(b))	**(75,307)**	(69,950)
Reclassification to assets of disposal group classified as held for sale	**(198,402)**	—
	—	246,088

20 TRADING SECURITIES

	2016 $'000	2015 $'000
Equity securities listed in Hong Kong	—	79,586
Debt securities listed in Hong Kong	—	19,359
	—	98,945

21 TRADE AND OTHER RECEIVABLES

	2016			2015
	Continuing operations	**Discontinuing operation (note 32)**	**Total**	Total
	$'000	**$'000**	**$'000**	$'000
Trade receivables	**26,720**	**469,580**	**496,300**	566,503
Less: Allowance for doubtful debts (note 21(b))	**(3,056)**	**(121,311)**	**(124,367)**	(109,173)
	23,664	**348,269**	**371,933**	457,330
Representing:				
Non-current (note 19)	**—**	**198,402**	**198,402**	246,088
Current	**23,664**	**149,867**	**173,531**	211,242
Prepayments and deposits	**7,246**	**493**	**7,739**	19,232
Other receivables	**91,337**	**25,829**	**117,166**	75,582
Total current trade and other receivables	**122,247**	**176,189**	**298,436**	306,056

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

NOTES TO THE FINANCIAL STATEMENTS

(Expressed in Hong Kong dollars unless otherwise indicated)

21 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:

	2016			2015
	Continuing operations $'000	**Discontinuing operation $'000**	**Total $'000**	Total $'000
Neither past due nor impaired	**20,610**	**53,941**	**74,551**	249,368
Past due (net of allowance for doubtful debts)				
Within six months	**1,655**	**33,548**	**35,203**	47,632
Between seven and twelve months	**1,224**	**19,843**	**21,067**	38,596
Over one year	**175**	**240,937**	**241,112**	121,734
	3,054	**294,328**	**297,382**	207,962
	23,664	**348,269**	**371,933**	457,330

The Group's credit policy is set out in note 34(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.

(b) Impairment of trade receivables

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

21 TRADE AND OTHER RECEIVABLES (continued)

(b) Impairment of trade receivables (continued)

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

	2016 $'000	2015 $'000
At beginning of the year	**109,173**	81,800
Exchange adjustments	**(5,973)**	678
Impairment loss recognised	**26,314**	32,028
Uncollectible amounts written off	**(5,147)**	(5,333)
At end of the year	**124,367**	109,173
Reclassification to assets of disposal group classified as held for sale	**(121,311)**	—
	3,056	109,173

22 TIME DEPOSITS

	2016 $'000	2015 $'000
Deposits with original maturities over three months	**66,130**	69,682
Pledged bank deposits (i)	**17,699**	16,487
	83,829	86,169

(i) The balance represents bank deposits of $17,699,000 (2015: $16,487,000) which was pledged for interest-bearing borrowings as at 31 March 2016 (note 25(a)).

23 CASH AND CASH EQUIVALENTS

(a) Cash and cash equivalents comprise:

	2016 $'000	2015 $'000
Cash and cash equivalents in the consolidated statement of financial position and cash flow statement	**4,507,530**	3,959,389
Reclassification to assets of disposal group classified as held for sale (note 32)	**(3,617,197)**	—
	890,333	3,959,389

NOTES TO THE FINANCIAL STATEMENTS

(Expressed in Hong Kong dollars unless otherwise indicated)

23 CASH AND CASH EQUIVALENTS (continued)

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

	Note	2016 $'000	2015 $'000
(Loss)/profit before taxation		**(721,519)**	(801,960)
– from continuing operations		**(426,957)**	(852,529)
– from discontinuing operation	32	**(294,562)**	50,569
Adjustments for:			
Impairment loss on trade receivables	6(c)	**26,314**	32,028
Depreciation of property, plant and equipment	6(c)	**119,264**	110,954
Amortisation of land lease premium	6(c)	**37,860**	38,371
Amortisation of intangible assets	6(c)	**6,905**	7,098
Interest income from bank deposits	5	**(18,174)**	(16,305)
Dividend income from trading securities	5	**(970)**	(1,385)
Dividend income from available-for-sale securities	5	**(60,608)**	(2,953)
Impairment loss on available-for-sale equity securities	6(c)	**13,385**	—
Impairment loss on property, plant and equipment	6(c)	**—**	2,884
Impairment loss on non-current assets classified as held for sale	6(c)	**—**	759,934
Equity settled share-based payment expenses	6(b)	**71,951**	20,838
Net realised and unrealised (gains)/losses on trading securities	5	**(3,454)**	6,409
Net gain on disposal of available-for-sale securities	5	**(2,815)**	—
Net (gain)/loss on disposal of property, plant and equipment	5	**(125)**	7,628
Finance costs	6(a)	**148,206**	75,354
Changes in fair value of financial liabilities at fair value through profit or loss	28	**614,420**	255,425
Net exchange gain		**—**	(400)
Effects of foreign exchange rates		**5,882**	5,023
Operating profit before changes in working capital		**236,522**	498,943
(Increase)/decrease in trade and other receivables		**(8,245)**	30,544
Increase in inventories		**(10,855)**	(2,713)
Increase in trade and other payables		**84,726**	98,588
Increase in deferred income		**317,992**	377,046
Cash generated from operations		**620,140**	1,002,408

24 TRADE AND OTHER PAYABLES

	2016			2015
	Continuing operations	Discontinuing operation (note 32)	Total	Total
	$'000	$'000	$'000	$'000
Non-current				
Other payables and accrued expenses	—	307,721	307,721	273,134
Consideration payables (note 31(b))	—	—	—	50,000
	—	307,721	307,721	323,134
Current				
Trade payables	98,563	15,928	114,491	124,864
Construction costs payables	25,445	—	25,445	108,868
Other payables and accrued expenses	179,162	72,458	251,620	204,292
Consideration payables (note 31(b))	50,000	—	50,000	50,000
Dividends payable to ordinary shareholders	9	—	9	—
	353,179	88,386	441,565	488,024
	353,179	396,107	749,286	811,158

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:

	2016	2015
	$'000	$'000
Due within three months or on demand	114,491	124,864
Reclassification to liabilities of disposal group classified as held for sale	(15,928)	—
	98,563	124,864

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25 INTEREST-BEARING BORROWINGS

As at 31 March 2016 and 2015, the interest-bearing borrowings were repayable as follows:

	2016	2015
	$'000	$'000
Within one year or on demand	**852,860**	202,711
Non-current portion of promissory notes repayable within one year	**1,916,818**	—
Reclassification to liabilities of disposal group classified as held for sale (note 32)	**(72,141)**	—
	2,697,537	202,711
After one year but within five years	**—**	749,913
	2,697,537	952,624

As at 31 March 2016 and 2015, the interest-bearing borrowings were secured as follows:

	Note	**2016**	2015
		$'000	$'000
Bank loans	(a)		
– secured		**192,377**	202,711
– unsecured		**566,150**	749,913
		758,527	952,624
Reclassification to liabilities of disposal group classified as held for sale (note 32)		**(72,141)**	—
		686,386	952,624
Secured promissory notes	(b)	**2,011,151**	—
		2,697,537	952,624

25 INTEREST-BEARING BORROWINGS (continued)

(a) Bank loans

As at 31 March 2016, the bank loans of certain subsidiaries under certain bank facilities of $192,377,000 (2015: $202,711,000) of which $72,141,000 has been reclassified to liabilities of disposal group classified as held for sale, are secured by interests in leasehold land and buildings as detailed in note 12(b).

As at 31 March 2016, the bank loans of the Company of $566,150,000 (2015: $749,913,000) (the "Guaranteed Bank Loans") were guaranteed by five of its subsidiaries, namely China Bright, GMHG, GM Hospital Investment Ventures Company Limited, GM Hospital Management Company Limited and GMSC. The Guaranteed Bank Loans were measured at amortised cost net of transaction costs paid.

Pursuant to the Guaranteed Bank Loans agreement, the Company shall maintain interest reserve accounts for the Guaranteed Bank Loans 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 2016, bank deposits of $17,699,000 (2015: $16,487,000) were deposited in the interest reserve accounts as disclosed in note 22.

Bank loans of the Group totalling $686,386,000 (2015: $876,608,000) are subject to the fulfilment of covenants relating to certain of the Group's consolidated financial statements ratios and a subsidiary's financial statements ratios. If the Group or the subsidiary were to breach the covenants, the drawn down facilities would become payable on demand.

During the year ended 31 March 2016, the Company had not met certain covenants relating to the Guaranteed Bank Loans, which are due in April 2017. The Group commenced negotiations with relevant banks in late December 2015 and repaid part of the Guaranteed Bank Loans of US$25,000,000 (equivalent to approximately $195,000,000) and US$25,000,000 (equivalent to approximately $195,000,000) in March and May 2016 respectively. In this connection, the Group has reclassified all the non-current portion of the Guaranteed Bank Loans from non-current liabilities to current liabilities in its consolidated statement of financial position as at 31 March 2016. As of the date of this report, the Group is still negotiating with the banks and has yet to obtain waivers from the banks.

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25 INTEREST-BEARING BORROWINGS (continued)

(b) Secured promissory notes

On 4 December 2015, COM Company Limited (as issuer), a wholly-owned subsidiary of GMSC, the Company, Mr. Kam and Blue Ocean Structure Investment Company Ltd. ("Blue Ocean") entered into a note subscription agreement (the "Note Subscription Agreement"), pursuant to which, Blue Ocean agreed to subscribe for the promissory notes in an aggregate principal amount of up to US$250,000,000 (equivalent to approximately $1,950,000,000) (the "Promissory Notes").

Subsequently, the issuer of the Promissory Notes has been changed from COM Company Limited to GMSC. In December 2015 and January 2016, GMSC had fully issued the Promissory Notes in an aggregate principal amount of US$250,000,000 (equivalent to approximately $1,950,000,000) to Blue Ocean, with a term of three years, subject to early redemption provisions and may be extended from three years to four or five years at the sole discretion of Blue Ocean. The Promissory Notes bear interest rate of 5% per annum and will be adjusted to 12% in the events specified under the Note Subscription Agreement. Blue Ocean will be entitled to an annualised internal rate of return equal to: (i) 15% (if the applicable interest rate is 5% during the period); or (ii) 22% (if the applicable interest rate is 12% during the period). Interest received by Blue Ocean will be included as part of its internal rate of return calculation.

The Promissory Notes are secured by 38,352,612 ordinary shares of CCBC and convertible notes issued by CCBC with an aggregate principal amount of US$115,000,000 (equivalent to approximately $897,000,000), held by GMSC.

The Promissory Notes is initially recognised at fair value less transaction costs. Subsequent to initial recognition, the Promissory Notes is stated at amortised costs using the effective interest method.

Pursuant to certain terms of the Note Subscription Agreement, the Group does not have an unconditional right to defer the settlement of the Promissory Notes for at least 12 months after the reporting period. Thus, the Group recorded the Promissory Notes as current liabilities as at 31 March 2016.

25 INTEREST-BEARING BORROWINGS (continued)

(b) Secured promissory notes (continued)

The movement of the Promissory Notes is as follows:

	$'000
Upon issuance of the Promissory Notes, net of transaction costs	**1,925,087**
Interest charged during the year	**86,064**
	2,011,151
Representing:	
Current portion of the Promissory Notes	**94,333**
Non-current portion of the Promissory Notes repayable within one year	**1,916,818**
	2,011,151

Further details of the Promissory Notes are set out in the Company's announcements dated 4 December 2015 and 5 January 2016, respectively.

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26 OBLIGATIONS UNDER FINANCE LEASES

At 31 March 2016 and 2015, the Group had obligations under finance leases repayable as follows:

	2016		2015	
	Present value of minimum lease payments $'000	**Total minimum lease payments $'000**	Present value of minimum lease payments $'000	Total minimum lease payments $'000
Within one year	**3,789**	**3,848**	1,482	1,567
After one year but within two years	**3,412**	**3,702**	776	835
After two years but within five years	**7,670**	**9,729**	1,302	1,391
After five years	**11,889**	**24,048**	—	—
	22,971	**37,479**	2,078	2,226
	26,760	**41,327**	3,560	3,793
Less: Total future interest expenses		**(14,567)**		(233)
Present value of lease obligations		**26,760**		3,560

27 INCOME TAX IN THE CONSOLIDATED STATEMENT OF FINANCIAL POSITION

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

	2016 **$'000**	2015 $'000
At beginning of the year	**79,738**	44,598
Provision for the year	**72,517**	86,869
Transfer from deferred tax liabilities (note 27(b))	**1,469**	—
Tax paid	**(76,493)**	(76,010)
Tax refund received	**—**	22,992
Exchange adjustments	**(2,848)**	1,289
	74,383	79,738
Reclassification to liabilities of disposal group classified as held for sale (note 32)	**(10,249)**	—
At end of the year	**64,134**	79,738

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27 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:

	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 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 (notes 7(a) and (b))	(2,910)	(748)	(5,991)	(306)	6,588	(4,025)	(7,392)
At 31 March 2015 and 1 April 2015	**152,120**	**4,205**	**(23,850)**	**8,218**	**13,034**	**(8,844)**	**144,883**
Exchange adjustments	**(6,758)**	**(5)**	**982**	**(340)**	**(747)**	**(585)**	**(7,453)**
(Credited)/charged to the consolidated income statement (notes 7(a) and (b))	**(2,217)**	**(748)**	**(6,813)**	**(1,195)**	**6,376**	**(887)**	**(5,484)**
Transfer to income tax payable (note 27(a))	**—**	**—**	**—**	**—**	**(1,469)**	**—**	**(1,469)**
Reclassification to assets of disposal group classified as held for sale (note 32)	**151**	**(3,452)**	**29,316**	**(6,683)**	**(17,194)**	**3,260**	**5,398**
At 31 March 2016	**143,296**	**—**	**(365)**	**—**	**—**	**(7,056)**	**135,875**

27 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 is as follows:

	2016	2015
	$'000	$'000
Net deferred tax assets recognised in the consolidated statement of financial position	**(19,365)**	(18,261)
Reclassification to assets of disposal group classified as held for sale (note 32)	**5,398**	—
	(13,967)	(18,261)
Net deferred tax liabilities recognised in the consolidated statement of financial position	**149,842**	163,144
	135,875	144,883

(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 $1,285,046,000 (2015: $1,088,670,000), of which, $209,000 relates to the discontinuing operation, 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 $813,088,000 (2015: $752,109,000), of which, $209,000 relates to the discontinuing operation, do not expire under the current tax legislation, while cumulative tax losses of $471,958,000 (2015: $336,561,000) will expire in five years under the current tax legislation.

(d) Deferred tax liabilities not recognised

As at 31 March 2016, deferred tax liabilities of $17,194,000 (2015: $13,034,000), of which, $17,194,000 relates to the discontinuing operation, 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 2016, temporary differences relating to the undistributed profits of the Group's PRC subsidiaries amounted to $2,131,196,000 (2015: $1,973,027,000), of which, $1,420,533,000 relates to the discontinuing operation. Deferred tax liabilities of $213,120,000 (2015: $197,303,000), of which, $142,053,000 relates to the discontinuing operation, 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.

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28 FINANCIAL LIABILITIES AT FAIR VALUE THROUGH PROFIT OR LOSS

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

	2016	2015
	$'000	$'000
Convertible notes		
– issued by the Company	**155,339**	146,669
– issued by a subsidiary	**—**	1,688,599
	155,339	1,835,268

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

	2016	2015
	$'000	$'000
At beginning of the year	**1,835,268**	773,011
Issuance of convertible notes by the Company (note 28(a))	**—**	155,220
Deemed issuance of convertible notes issued by a subsidiary (note 28(b))	**—**	687,102
Deemed redemption of convertible notes issued by a subsidiary (note 28(b))	**(2,225,785)**	—
Interest paid on convertible notes	**(68,564)**	(35,490)
Changes in fair value of financial liabilities at fair value through profit or loss		
– continuing operations	**17,250**	(8,551)
– discontinuing operation	**597,170**	263,976
At end of the year	**155,339**	1,835,268

As at 31 March 2016, the total excess of the fair values of convertible notes upon initial recognition determined using unobservable inputs over the transaction prices of $37,143,000 (2015: $54,140,000) has been deferred and has not yet been recognised in changes in fair value of financial liabilities at fair value through profit or loss.

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

(a) Convertible notes issued by the Company

On 22 October 2014, the Company entered into a convertible notes subscription agreement with Gem Power International Limited ("Gem Power"), 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. In November 2014, the Company received net proceeds of $155,220,000, net of handling fee of $780,000. 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 GMSC.

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; and

– If a noteholder exercises his/her 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.

On 15 July 2015, the Company and the noteholder agreed to adjust certain terms and conditions to the convertible notes in accordance with the convertible notes subscription agreement with Gem Power. The initial conversion price was adjusted from $1.40 per share to $1.372 per share. On 26 October 2015, the conversion price was further adjusted to $1.33 per share upon the completion of open offer as mentioned in note 30(b)(vi).

Unless previously redeemed or converted, the convertible notes will be redeemed at face value on 13 November 2017. Pursuant to the terms of the convertible notes, 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 2016 and 2015, the excess of the fair value of the convertible notes 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 Group's profit or loss.

As at 31 March 2016, the convertible notes with a principal amount of US$20,000,000, which are convertible into 116,541,353 ordinary shares of the Company, remained outstanding.

Further details of the convertible notes and the amendments of terms and conditions to the convertible notes are set out in the Company's announcements dated 22 October 2014, 15 July 2015 and 23 October 2015, respectively.

NOTES TO THE FINANCIAL STATEMENTS

(Expressed in Hong Kong dollars unless otherwise indicated)

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

(b) Convertible notes issued by CCBC

On 27 April 2012 and 3 October 2012, CCBC issued convertible notes with a face value of US$65,000,000 (equivalent to approximately $507,000,000) and US$50,000,000 (equivalent to approximately $390,000,000) to Brilliant China Healthcare Investment Limited (formerly known as KKR China Healthcare Investment Limited) ("KKR") and to the Company with maturity dates 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/her 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; and

– Unless previously redeemed or converted, the convertible notes issued by CCBC will be redeemed at face value on 27 April 2017 and 3 October 2017, respectively.

Upon full conversion of all convertible notes issued by CCBC with an aggregate principal amount of US$115,000,000 (equivalent to approximately $897,000,000), 40,521,494 ordinary shares of CCBC will be issued, representing 33.6% of the enlarged share capital of CCBC, and the issued and outstanding share capital of CCBC as at 31 March 2016 will be enlarged to 120,604,742.

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

(i) Transactions with respect to the convertible notes issued by CCBC due April 2017

On 4 May 2015, the Company entered into a conditional sale and purchase agreement with KKR to acquire the 7% 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) (the "KKR CN") from KKR for a cash consideration of not less than approximately US$159,882,000 (equivalent to approximately $1,247,080,000) (the "Former KKR SPA").

Considering the time constraint for the completion of the acquisition of KKR CN as stated in the Former KKR SPA, the Company entered into a termination agreement (the "KKR Termination Agreement") with KKR, pursuant to which the parties thereunder agreed to terminate the Former KKR SPA. Instead, Magnum Opus 2 International Holdings Limited ("Magnum 2", which is controlled by Mr. Kam) entered into an agreement to acquire the KKR CN from KKR for a cash consideration of approximately US$161,784,000 (equivalent to approximately $1,261,915,000). In addition, Mr. Kam has undertaken to grant the Company a call option to acquire the KKR CN for the same consideration at a later time. This was done in order to facilitate and maintain flexibility for the arrangement of KKR CN at that time.

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

(b) Convertible notes issued by CCBC (continued)

(i) Transactions with respect to the convertible notes issued by CCBC due April 2017 (continued)

On 3 November 2015, the Company entered into another sale and purchase agreement with Excellent China Healthcare Investment Limited ("ECHIL"), the then-existing holder of the KKR CN and a wholly-owned subsidiary of Magnum 2, to acquire the KKR CN for a cash consideration of approximately US$161,784,000 (equivalent to approximately $1,261,915,000) (the "ECHIL SPA"), which is same as the consideration paid by Magnum 2 to KKR for the acquisition of KKR CN. The transaction was approved by shareholders at the extraordinary general meeting of the Company held on 4 January 2016 and was completed on 8 January 2016. KKR CN were subsequently transferred to GMSC and charged to Blue Ocean in relation to the Promissory Notes (note 25(b)) as at 31 March 2016.

Pursuant to the ECHIL SPA, the Company agreed that if the merger consideration in relation to the privatisation of CCBC by the Company (the "Privatisation") (the "Final Acquisition Price") is higher than US$6.40 per ordinary share of CCBC, the Company shall pay to ECHIL an additional payment in cash. Further details of the additional payment have been disclosed in note 39.

Further details of the Former KKR SPA, the KKR Termination Agreement and the ECHIL SPA are set out in the Company's announcements dated 4 May 2015, 26 August 2015 and 3 November 2015 and the Company's circular dated 15 December 2015, respectively.

(ii) Transactions with respect to the convertible notes issued by CCBC due October 2017

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) and CGL, pursuant to which the Company agreed to sell and each of Magnum and CGL agreed to acquire 50% of the convertible notes issued by CCBC due October 2017 in an aggregate outstanding principal amount of US$50,000,000 convertible notes (equivalent to approximately $390,000,000) (the "Magnum CN" and the "CGL CN"), at an aggregate consideration of US$88,090,000 (equivalent to approximately $687,102,000). The transaction was completed on 10 November 2014. Further details of the above disposal are set out in the Company's circular dated 16 September 2014.

On 8 May 2015, the Company entered into a conditional sale and purchase agreement with Magnum to acquire the Magnum CN in an aggregate outstanding principal amount of US$25,000,000 (equivalent to approximately $195,000,000) from Magnum for a cash consideration of approximately US$61,896,000 (equivalent to approximately $482,789,000) (the "Magnum CN SPA"). The transaction was approved by shareholders at the extraordinary general meeting of the Company held on 15 October 2015 and was completed on 28 December 2015.

On 8 May 2015, the Company entered into a conditional sale and purchase agreement with CGL to acquire the CGL CN in an aggregate outstanding principal amount of US$25,000,000 (equivalent to approximately $195,000,000) from CGL for a cash consideration of approximately US$61,677,000 (equivalent to approximately $481,081,000) (the "CGL CN SPA"). The transaction was approved by shareholders at the extraordinary general meeting of the Company held on 15 October 2015 and was completed on 13 November 2015.

NOTES TO THE FINANCIAL STATEMENTS

(Expressed in Hong Kong dollars unless otherwise indicated)

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

(b) Convertible notes issued by CCBC (continued)

(ii) Transactions with respect to the convertible notes issued by CCBC due October 2017 (continued)

Magnum CN and CGL CN was subsequently transferred to GMSC and charged to Blue Ocean in relation to the Promissory Notes (note 25(b)) as at 31 March 2016.

Pursuant to the Magnum CN SPA and CGL CN SPA, the Company agreed that if the Final Acquisition Price is higher than US$6.40 per ordinary share of CCBC, the Company shall pay to Magnum and CGL an additional payment in cash. Further details of the additional payment have been disclosed in note 39.

Further details of the Magnum SPA and CGL CN SPA are set out in the Company's announcement dated 8 May 2015 and the Company's circular dated 26 September 2015, respectively.

29 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.

	2016 **$'000**	2015 $'000
Prepayments by customers prior to completion of cord blood stem cell processing service	**116,456**	110,600
Unearned storage fees	**1,782,350**	1,561,619
	1,898,806	1,672,219
Reclassification to liabilities of disposal group classified as held for sale (note 32)	**(1,898,806)**	—
	—	1,672,219
Representing:		
Current	**310,205**	279,341
Non-current	**1,588,601**	1,392,878
	1,898,806	1,672,219
Reclassification to liabilities of disposal group classified as held for sale (note 32)	**(1,898,806)**	—
	—	1,672,219

NOTES TO THE FINANCIAL STATEMENTS

(Expressed in Hong Kong dollars unless otherwise indicated)

30 CAPITAL, RESERVES AND DIVIDENDS

(a) Movements in components of equity

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

	Note	Share capital $'000	Share premium $'000	Capital redemption reserve $'000	Capital reserve $'000	Retained profits $'000	Total $'000
Balance at 1 April 2015		359,572	2,368,790	11,679	30,172	709,629	3,479,842
Changes in equity for the year ended 31 March 2016:							
Total comprehensive income for the year		—	—	—	—	(117,359)	(117,359)
Shares issued in lieu of cash dividends	30(b)(ii)	1,810	7,219	—	—	(25,628)	(16,599)
Shares issued upon warrants conversion	30(b)(iii)	6,707	40,237	—	—	—	46,944
Placing of shares under general mandate	30(b)(v)	28,000	109,703	—	—	—	137,703
Shares issued upon open offer	30(b)(vi)	197,139	767,138	—	—	—	964,277
Share options lapsed		—	—	—	(10,164)	10,164	—
Balance at 31 March 2016		**593,228**	**3,293,087**	**11,679**	**20,008**	**576,806**	**4,494,808**

	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:							
Total comprehensive income for the year		—	—	—	—	32,727	32,727
Shares issued in lieu of cash dividends	30(b)(ii)	2,319	11,590	—	—	(95,931)	(82,022)
Shares issued upon warrants conversion	30(b)(iii)	19	117	—	—	—	136
Shares issued upon acquisition of additional interest in a subsidiary	30(b)(iv)	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

NOTES TO THE FINANCIAL STATEMENTS

(Expressed in Hong Kong dollars unless otherwise indicated)

30 CAPITAL, RESERVES AND DIVIDENDS (continued)

(b) Share capital

	Note	2016 Number of shares '000	2016 Amount $'000	2015 Number of shares '000	2015 Amount $'000
Authorised:					
Ordinary shares of par value of $0.20 each	(i)	**5,000,000**	**1,000,000**	3,000,000	600,000
Issued and fully paid:					
At beginning of the year		**1,797,859**	**359,572**	3,417,587	341,759
Effect of share consolidation	(i)	**—**	**—**	(1,708,794)	—
Shares issued in lieu of cash dividends	(ii)	**9,052**	**1,810**	11,595	2,319
Shares issued upon warrants conversion	(iii)	**33,533**	**6,707**	97	19
Shares issued upon acquisition of additional interest in a subsidiary	(iv)	**—**	**—**	77,374	15,475
Placing of shares under general mandate	(v)	**140,000**	**28,000**	—	—
Shares issued upon open offer	(vi)	**985,696**	**197,139**	—	—
At end of the year		**2,966,140**	**593,228**	1,797,859	359,572

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 shareholder's 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 (the "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.

At the annual general meeting of the Company held on 31 July 2015, shareholders approved the increase in authorised share capital of the Company from $600,000,000 to $1,000,000,000, divided into 5,000,000,000 Consolidated Shares by the creation of an additional 2,000,000,000 Consolidated Shares, effective from 1 August 2015.

30 CAPITAL, RESERVES AND DIVIDENDS (continued)

(b) Share capital (continued)

(ii) Shares issued in lieu of cash dividends

On 17 November 2015, the Company issued 9,052,165 shares at an issue price of $0.9975 per share as final dividend for the year ended 31 March 2015 (note 30(d)), which was approved by shareholders at the annual general meeting of the Company held on 31 July 2015. Accordingly, $1,810,000 was credited to share capital and $7,219,000 was credited to share premium.

On 17 November 2014, the Company issued 2,494,858 shares at an issue price of $1.2578 per share as final dividend for the year ended 31 March 2014 (note 30(d)), which was approved by shareholders at the annual general meeting of the Company held 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, the Company issued 9,099,677 shares at an issue price of $1.1837 per share as special dividend (note 30(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.

(iii) 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 shares (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 shares 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 subscription price has been adjusted to $1.39 per share following the completion of the placing on 15 July 2015. The Warrants are tradable in board lots of 1,000 Warrants each, the stock code is 00481.

During the year ended 31 March 2016, 33,532,212 shares (2015: 97,024 shares) were issued to Warrants holders. Accordingly, $6,707,000 (2015: $19,000) was credited to share capital and $40,237,000 (2015: $117,000) was credited to share premium.

Immediately before the expiry of Warrants on 30 July 2015, 277,060,154 Warrants at an exercise price of $1.39 per Share remained unexercised. All unexercised Warrants were lapsed upon expiry.

Further details of the Warrants are set out in the Company's announcements dated 30 July 2014, 26 May 2015 and 15 July 2015 and the Company's circular dated 9 May 2014, respectively.

NOTES TO THE FINANCIAL STATEMENTS

(Expressed in Hong Kong dollars unless otherwise indicated)

30 CAPITAL, RESERVES AND DIVIDENDS (continued)

(b) Share capital (continued)

(iv) 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 31(a)). As consideration for the acquisition, the Company issued 77,374,256 shares at an issue price of $1.26 per share to the vendors on 1 December 2014. Accordingly, $15,475,000 was credited to share capital and $82,017,000 was credited to the share premium during the year ended 31 March 2015.

Further details of the acquisition are set out in Company's announcement dated 7 November 2014.

(v) Placing of shares under general mandate

On 15 July 2015, the Company completed the placing of 140,000,000 shares to Atlantis Investment Management (Hong Kong) Limited at a price of $1.00 per share, under the general mandate approved by shareholders at the annual general meeting of the Company held on 19 September 2014. Accordingly, $28,000,000 was credited to share capital and $109,703,000 was credited to share premium, after netting off transaction costs.

Further details of the placing are set out in the Company's announcements dated 8 July 2015 and 15 July 2015, respectively.

(vi) Shares issued upon open offer

On 26 October 2015, the Company issued 985,695,846 shares as a result of the open offer on the basis of one offer share at the subscription price of $1.00 each for every two shares held by eligible shareholders. Accordingly, $197,139,000 was credited to share capital and $767,138,000 was credited to share premium, after netting off transaction cost.

Further details of the open offer are set out in the Company's announcements dated 27 July 2015 and 23 October 2015 and the Company's circular dated 31 August 2015, respectively.

30 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).

(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.

NOTES TO THE FINANCIAL STATEMENTS

(Expressed in Hong Kong dollars unless otherwise indicated)

30 CAPITAL, RESERVES AND DIVIDENDS (CONTINUE)

(c) Reserves (continued)

(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.

(d) Dividends and distributability of reserves

At 31 March 2016, the aggregate amount of reserves available for distribution to equity shareholders of the Company was $3,869,893,000 (2015: $3,078,419,000).

The board of directors of the Company did not recommend the payment of a final dividend for the year ended 31 March 2016.

At the annual general meeting of the Company held on 31 July 2015, the board of directors recommended and shareholders approved the payment of a final dividend for the year ended 31 March 2015 of $0.013 per share (the "2015 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 2015 Final Dividend were set out in the Company's circulars dated 30 June 2015 and 20 August 2015.

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 share (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, respectively.

30 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 2016, the Group's strategy, which was unchanged from 2015, 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.

NOTES TO THE FINANCIAL STATEMENTS

(Expressed in Hong Kong dollars unless otherwise indicated)

30 CAPITAL, RESERVES AND DIVIDENDS (continued)

(e) Capital management (continued)

The debt-to-capital ratios at 31 March 2016 and 2015 were as follows:

	Note	2016 $'000	2015 $'000
Interest-bearing borrowings	25	**2,697,537**	952,624
Obligations under finance leases	26	**26,760**	3,560
Financial liabilities at fair value through profit or loss	28	**155,339**	1,835,268
Total debt		**2,879,636**	2,791,452
Total equity		**4,468,486**	4,636,251
Debt-to-capital ratio		**64.44%**	60.21%

Neither the Company nor any of its subsidiaries are subject to externally imposed capital requirements except for those as disclosed in note 25.

31 ACQUISITIONS AND PROPOSED DISPOSALS

(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 of $221,338,000 between (A) the fair value of the Disposed Hospital Management Service Contract Rights of $344,077,000, net of associated deferred tax liabilities of $86,019,000 and the net assets value of the Disposed Subsidiary of $4,863,000; and (B) the carrying amount of 7.67% additional equity interests of $28,894,000 and net proceeds of $12,689,000 (additional proceeds of $50,300,000 offset by settlement of trade receivables) and the related exchange reserve of $9,524,000, was debited to other reserves as the transactions were accounted for as transactions within the shareholders of the Company in their capacity as equity holder. As at 31 March 2014, the Group held 82.67% equity interest in GMHG.

31 ACQUISITIONS AND PROPOSED DISPOSALS (continued)

(a) Acquisition of additional interest in GMHG (continued)

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 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 77,374,000 new ordinary shares of the Company of par value of $0.20 each at an issue price of $1.26 per share.

Thereafter, 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 related surplus reserve of $6,004,000, totalling $121,062,000 was debited to other reserves.

(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 2016 and 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 to other reserves.

A total of approximately $53,776,000 of the consideration has been paid as at 31 March 2015. 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. In May 2015, consideration of $50,000,000 was paid according to the payment term. As at 31 March 2016, the remaining $50,000,000 has been recognised as current liabilities in the consolidated statement of financial position (note 24) and was paid subsequently in April 2016.

NOTES TO THE FINANCIAL STATEMENTS

(Expressed in Hong Kong dollars unless otherwise indicated)

31 ACQUISITIONS AND PROPOSED DISPOSALS (continued)

(c) Acquisition of additional interest in CCBC

On 8 May 2015, the Company entered into a sale and purchase agreement (the "CGL CCBC Shares SPA") with CGL to acquire the 7,314,015 ordinary shares of CCBC held by CGL (the "CGL Share") at a cash consideration of approximately US$46,810,000 (equivalent to approximately $365,115,000) (the "CGL CCBC Shares Acquisition").

The CGL CCBC Shares Acquisition was completed on 10 November 2015 and was accounted for as transaction within the shareholders of CCBC in their capacity as equity holders. At completion date, $256,065,000 was debited to other reserves, representing (i) the excess of the consideration of $365,115,000 over the carrying amount of the acquired additional equity interest of $123,851,000; (ii) the related exchange reserve of $1,835,000; and (iii) the related fair value reserve of $12,966,000.

Further details of the CGL CCBC Shares Acquisition are set out in the Company's announcement dated 8 May 2015 and the Company's circular dated 26 September 2015, respectively.

On 30 November 2015, the Company entered into a sale and purchase agreement with Mr. Kam (the "Kam CCBC Share SPA"), to acquire the 357,331 ordinary shares of CCBC by Mr. Kam (the "Kam Share") at a cash consideration of approximately US$2,287,000 (equivalent to approximately $17,839,000) (the "Kam CCBC Shares Acquisition").

The Kam CCBC Shares Acquisition was completed on 4 January 2016 and was accounted for as transaction within the shareholders of CCBC in their capacity as equity holders. At completion date, $13,161,000 was debited to other reserves, representing (i) the excess of the consideration of $17,839,000 over the carrying amount of the acquired additional equity interest of $5,785,000; (ii) the related exchange reserve of $273,000; and (iii) the related fair value reserve of $834,000.

Further details of the Kam CCBC Shares Acquisition are set out in the Company's announcement dated 30 November 2015 and the Company's circular dated 15 December 2015, respectively.

Pursuant to the CGL CCBC Shares SPA and Kam CCBC Shares SPA, the Company agreed that if the Final Acquisition Price is higher than US$6.40 per ordinary share of CCBC, the Company shall pay to CGL and Mr. Kam an additional payment in cash. Further details of the additional payment have been disclosed in note 39.

Upon the completions of the above-mentioned acquisitions, the Company's effective equity interest in CCBC increased to 52.44%.

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(Expressed in Hong Kong dollars unless otherwise indicated)

31 ACQUISITIONS AND PROPOSED DISPOSALS (continued)

(d) Proposed disposals

(i) Disposal of 65.4% enlarged share capital of CCBC

On 6 January 2016, GMSC, a wholly-owned subsidiary of the Company and a substantial shareholder of CCBC, and the Company (as guarantor) entered into a conditional sale and purchase agreement with Nanjing Xinjiekou Department Store Co., Ltd. * (南京新街口百貨商店股份有限公司) ("Nanjing Xinjiekou") (the "Agreement A"), pursuant to which, GMSC conditionally agreed to sell, and Nanjing Xinjiekou conditionally agreed to acquire, approximately 65.4% ordinary shares of CCBC ("CCBC shares"), assuming all convertible notes issued by CCBC have been converted into ordinary shares in full, at a consideration of RMB5,764,000,000 (equivalent to approximately to $6,917,000,000) (the "Consideration A"). Consideration A shall be settled by Nanjing Xinjiekou by way of (i) issue of the RMB-denominated new ordinary shares with a par value of RMB1.00 each of Nanjing Xinjiekou to be listed on the PRC domestic market at the issue price of RMB18.61 each, subject to adjustments (the "Consideration Share") and (ii) payment of cash consideration of RMB3,264,000,000 (equivalent to approximately $3,917,000,000).

Based on the initial issue price of RMB18.61 per Consideration Share, an aggregate of 134,336,378 Consideration Shares, representing approximately 13.96% equity interest of Nanjing Xinjiekou on a fully diluted basis (assuming that there is no other changes to the issued share capital of Nanjing Xinjiekou after 31 March 2016), will be issued to GMSC under the Agreement A.

Pursuant to the Agreement A, except as disclosed to or waived by Nanjing Xinjiekou, within the period from 30 September 2015 to the completion date of the Agreement A, CCBC shall have conducted its business normally, no material adverse change shall have occurred to the legal person status, shareholding structure, financial status or substantial assets of CCBC, and CCBC shall not have committed any material violation of law or regulation (except for any material adverse change and/or any material violation of law and/or regulation due to litigations resulted from the Privatisation and/or restructuring in relation to the Privatisation).

GMSC and Nanjing Xinjiekou also entered into a profit compensation agreement dated 6 January 2016 (the "Profit Compensation Agreement"), pursuant to which GMSC guarantees that CCBC's net profit as defined in the Profit Compensation Agreement for the years ending 31 December 2016, 2017 and 2018 (the "Commitment Period") shall be not less than RMB300,000,000 (equivalent to approximately $360,000,000), RMB360,000,000 (equivalent to approximately $432,000,000) and RMB432,000,000 (equivalent to approximately $518,000,000) respectively (the "Guaranteed CCBC Net Profit").

If CCBC fails to meets the Guaranteed CCBC Net Profit, GMSC is required to pay the compensation amount specified under the Profit Compensation Agreement, which will be settled by the shares of Nanjing Xinjiekou or by cash at the discretion of GMSC.

* English name is for identification purpose only.

NOTES TO THE FINANCIAL STATEMENTS

(Expressed in Hong Kong dollars unless otherwise indicated)

31 ACQUISITIONS AND PROPOSED DISPOSALS (continued)

(d) Proposed disposals (continued)

(i) Disposal of 65.4% enlarged share capital of CCBC (continued)

The compensation amount for the relevant year shall be calculated as follows:

$$= \frac{\text{Accumulated Guaranteed CCBC Net Profit as at end of the relevant year} - \text{Accumulated achieved CCBC Net Profit as at end of the relevant year}}{\text{the total sum of the Guaranteed CCBC Net Profit in each relevant year during the Commitment Period}} \times \text{Consideration A} - \text{Accumulated compensation amount previously paid}$$

Moreover, upon expiration of the Commitment Period, if the total sum of the CCBC's net profit during the Commitment Period is lower than the total sum of the Guaranteed CCBC Net Profit during the Commitment Period, Nanjing Xinjiekou shall perform impairment test on CCBC Shares acquired under Agreement A.

Where the impairment amount of CCBC Shares acquired under Agreement A is higher than the aggregate Compensation Amount paid during the Commitment Period, GMSC shall make additional compensation to Nanjing Xinjiekou to be settled by the shares of Nanjing Xinjiekou or by cash at the discretion of GMSC.

The asset impairment compensation amount for the Relevant Year shall be calculated as follows:

$$\text{Additional payment amount} = \text{The period-end impairment amount of the CCBC Shares} - \text{Accumulated compensation amount paid during the commitment period}$$

At the extraordinary general meeting of the Company held on 15 June 2016, shareholders of the Company approved the Agreement A and the Profit Compensation Agreement.

(ii) Disposal of 34.6% enlarged share capital of CCBC

On 6 January 2016, GMSC and the Company (as guarantor) entered into another conditional sale and purchase agreement with Nanjing Xinjiekou (the "Agreement B"), pursuant to which, GMSC conditionally agreed to sell, and Nanjing Xinjiekou conditionally agreed to acquire the remaining approximately 34.6% ordinary shares of CCBC, at a consideration of US$267,076,000 (equivalent to approximately $2,083,000,000) (the "Consideration B"), if the Privatisation is completed. The Consideration B shall be settled by Nanjing Xinjiekou in cash.

The above transactions have not yet been completed as at the date of this annual report.

Further details of the above transactions are set out in the Company's announcements dated 13 January 2016 and 2 February 2016 and the Company's circular dated 26 May 2016, respectively.

32 DISPOSAL GROUP HELD FOR SALE AND DISCONTINUING OPERATION

Upon the completion of the Agreement A, the Group will cease to retain any control over CCBC and accordingly, CCBC will cease to be a subsidiary of the Group. As at 31 March 2016, the Group has reclassified the assets and liabilities of CCBC to disposal group held for sale in accordance with the accounting policy as set out in note 2(y)(i).

Assets of disposal group classified as held for sale as at 31 March 2016 are as follows:

	2016 $'000
Property, plant and equipment (note 12)	**689,236**
Intangible assets (note 13)	**146,853**
Goodwill (note 14)	**66,663**
Available-for-sale securities (note 17)	**422,654**
Inventories (note 18)	**101,043**
Trade and other receivables (notes 19 and 21)	**637,160**
Cash and cash equivalents (note 23(a))	**3,617,197**
Deferred tax assets (note 27(b))	**5,398**
	5,686,204

Liabilities of disposal group classified as held for sale as at 31 March 2016 are as follows:

	2016 $'000
Trade and other payables (note 24)	**396,107**
Interest-bearing borrowings (note 25)	**72,141**
Income tax payables (note 27(a))	**10,249**
Deferred income (note 29)	**1,898,806**
	2,377,303

As the operation of CCBC is considered as separate major line of business, it is accounted for as discontinuing operation in the consolidated financial statements. The comparative financial results for the year ended 31 March 2015 has been re-presented to conform with current year presentation in accordance with the accounting policy set out in note 2(y)(ii).

NOTES TO THE FINANCIAL STATEMENTS

(Expressed in Hong Kong dollars unless otherwise indicated)

32 DISPOSAL GROUP HELD FOR SALE AND DISCONTINUING OPERATION (continued)

Analysis of the results of the discontinuing operation in relation to cord blood storage segment is as follows:

	Note	**2016 $'000**	2015 $'000
Revenue	4	**812,944**	800,555
Cost of sales#		**(177,683)**	(165,017)
Gross profit		**635,261**	635,538
Other income	5	**81,549**	26,752
Selling expenses		**(181,607)**	(161,205)
Administrative expenses#		**(218,382)**	(177,470)
Impairment loss on available-for-sale equity securities	6(c)	**(10,474)**	—
Profit from operations		**306,347**	323,615
Finance costs#	6(a)	**(3,739)**	(9,070)
Changes in fair value of financial liabilities at fair value through profit or loss#	28	**(597,170)**	(263,976)
(Loss)/profit before taxation	6	**(294,562)**	50,569
Income tax expense	7(b)	**(62,706)**	(61,035)
Loss for the year from discontinuing operation		**(357,268)**	(10,466)

\# During the year ended 31 March 2016, cost of sales, administrative expenses and changes in fair value of financial liabilities at fair value through profit or loss include consolidated adjustments amounting to $883,000, $883,000 and ($241,878,000), respectively.

During the year ended 31 March 2015, cost of sales, administrative expenses, finance costs and changes in fair value of financial liabilities at fair value through profit or loss include consolidated adjustments amounting to $908,000, $907,000, ($3,699,000) and $109,621,000, respectively.

32 DISPOSAL GROUP HELD FOR SALE AND DISCONTINUING OPERATION (continued)

Analysis of the cash flows of the discontinuing operation in relation to cord blood storage segment is as follows:

	2016 $'000	2015 $'000
Net cash generated from operating activities	**701,379**	816,480
Net cash generated from/(used in) investing activities	**61,371**	(38,674)
Net cash used in financing activities	**(68,547)**	(68,162)
Net cash generated from discontinuing operation	**694,203**	709,644

33 EQUITY SETTLED SHARE-BASED TRANSACTIONS

(a) Share option schemes

(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 terminated on 30 March 2005 and 16 June 2009, respectively. 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.

(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.

NOTES TO THE FINANCIAL STATEMENTS

(Expressed in Hong Kong dollars unless otherwise indicated)

33 EQUITY SETTLED SHARE-BASED TRANSACTIONS (continued)

(a) Share option schemes (continued)

(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 Participants to the board of directors 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.

(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.

NOTES TO THE FINANCIAL STATEMENTS

(Expressed in Hong Kong dollars unless otherwise indicated)

33 EQUITY SETTLED SHARE-BASED TRANSACTIONS (continued)

(a) Share option schemes (continued)

(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")	$1.989#	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
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")	$1.989#	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 at 31 March 2016 and 2015.

Option 1 and Option 2 were lapsed on 28 February 2015 and 3 March 2015, respectively. Accordingly, the amounts previously recognised in capital reserve of $10,164,000 in respect of these lapsed share options were released to retained earnings in accordance with the accounting policy set out in note 2(s)(ii).

There were 45,333,000 share options outstanding and exercisable at 31 March 2016 and 2015. The share options outstanding at 31 March 2016 had an exercise price of $1.989 per ordinary share (2015: $1.996 per ordinary share) and a weighted average remaining contractual life of 3.08 years (2015: 4.08 years).

NOTES TO THE FINANCIAL STATEMENTS

(Expressed in Hong Kong dollars unless otherwise indicated)

33 EQUITY SETTLED SHARE-BASED TRANSACTIONS (continued)

(a) Share option schemes (continued)

\# The exercise price of the share options and the number of shares that can be subscribed of the share option shown above have been adjusted to reflect the effect of open offer mentioned note 30(b)(vi). Further details are set out in the Company's announcement date 23 October 2015.

(b) 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 years ended 31 March 2016 and 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.

33 EQUITY SETTLED SHARE-BASED TRANSACTIONS (continued)

(b) RSU scheme (continued)

There were 7,300,000 RSUs outstanding and unexercisable at 31 March 2016 and 2015 with a weighted average remaining contract life of 2 years (2015: 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 the Grant Date.

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

Management estimates the expected yearly percentage of the 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 2016, the Expected Retention Rate of the RSU Grantees was assessed to be 100% (2015: 100%) and during the year ended 31 March 2016, equity settled share-based payment expenses of approximately US$9,224,000 (equivalent to approximately $71,951,000) were recognised in the consolidated income statement (2015: US$2,667,000 (equivalent to approximately $20,838,000)).

NOTES TO THE FINANCIAL STATEMENTS

(Expressed in Hong Kong dollars unless otherwise indicated)

34 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 receivables of the other operating segments, trade receivables are due on goods delivered or services rendered. 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. The default risk of the industry and country in which customers operate also has an influence on credit risk. At end of the year, the Group has certain concentration of credit risk as 3% (2015: 7%) and 4% (2015: 11%) of the trade receivables were due from the Group's largest customer and the five largest customers respectively.

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 19 and 21.

34 FINANCIAL RISK MANAGEMENT AND FAIR VALUES (continued)

(b) Liquidity risk

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

The following table details the remaining contractual maturities at the end of the reporting period of the Group's 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 are required to pay.

For certain interest-bearing borrowing subject to certain clauses which can be exercised at the lender's sole discretion, the analysis shows the cash outflow based on the contractual repayment schedule and, separately, the impact to the timing of the cash outflows if the lender was to invoke their unconditional rights to call the loans with immediate effect.

		2016						2015				
	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	Over 5 years $'000	Total $'000	Carrying amount $'000	Within 1 year or on demand $'000	More than 1 year but less than 2 years $'000	More than 2 years but less than 5 years $'000	Total $'000	Carrying amount $'000
Trade and other payables	24	353,179	–	–	–	353,179	353,179	488,024	323,134	–	811,158	811,158
Interest-bearing borrowings	25	783,886	97,500	2,770,706	–	3,652,092	2,697,537	243,206	31,312	750,256	1,024,774	952,624
Obligations under finance leases	26	3,848	3,702	9,729	24,048	41,327	26,760	1,567	835	1,391	3,793	3,560
Convertible notes	28	9,360	195,963	–	–	205,323	155,339	71,370	72,150	1,441,077	1,584,597	1,835,268
		1,150,273	297,165	2,780,435	24,048	4,251,921	3,232,815	804,167	427,431	2,192,724	3,424,322	3,602,610
Adjustments to disclose cash flow on Promissory Notes based on lender's right to demand repayment		2,003,675	(97,500)	(2,770,706)	–	(864,531)		–	–	–	–	
		3,153,948	199,665	9,729	24,048	3,387,390		804,167	427,431	2,192,724	3,424,322	

NOTES TO THE FINANCIAL STATEMENTS

(Expressed in Hong Kong dollars unless otherwise indicated)

34 FINANCIAL RISK MANAGEMENT AND FAIR VALUES (continued)

(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.

(i) Interest rate profile

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

	2016		2015	
	Effective interest rate %	**$'000**	Effective interest rate %	$'000
Fixed rate assets/ (liabilities):				
Time deposits	**2.32**	**66,130**	3.06	69,682
Interest-bearing borrowings	**16.48**	**(2,011,151)**	6.00	(76,017)
Obligations under finance leases	**8.80**	**(26,760)**	3.43	(3,560)
		(1,971,781)		(9,895)
Variable rate assets/ (liabilities):				
Time deposits	**0.01**	**17,699**	0.01	16,487
Cash and cash equivalents	**0.39**	**890,333**	0.30	3,959,389
Interest-bearing borrowings	**4.55**	**(686,386)**	4.42	(876,607)
		221,646		3,099,269
Total net (liabilities)/assets		**(1,750,135)**		3,089,374
Net fixed rate liabilities as a percentage of total net (liabilities)/assets		**112.66%**		(0.32%)

34 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 2016, with all other variables held constant, would have decreased/increased the Group's loss after tax by approximately $2,056,000/$2,056,000, and increased/decreased retained profits by approximately $1,953,000/$1,953,000 and increased/decreased non-controlling interests by approximately by $103,000/$103,000, respectively (2015: decreased/increased the Group's loss after tax by approximately $25,866,000/$25,866,000, increased/decreased retained profits by approximately $24,168,000/$24,168,000 and increased/decreased non-controlling interests by approximately $1,698,000/$1,698,000 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 2015.

(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$") and United States Dollars ("US$"). 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.

NOTES TO THE FINANCIAL STATEMENTS

(Expressed in Hong Kong dollars unless otherwise indicated)

34 FINANCIAL RISK MANAGEMENT AND FAIR VALUES (continued)

(d) Currency risk (continued)

(i) Exposure to currency risk

The following table details the Group'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)

	2016						2015					
	JPY	US$	RMB	HK$	SGD	AUD	JPY	US$	RMB	HK$	SGD	AUD
	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000
Cash at banks	–	716,593	3,049	2	–	165	–	540,246	5,241	1,565	48	6
Time deposits	–	16,385	1,314	–	–	–	–	15,300	1,187	–	–	–
Available-for-sale securities	32,775	41,977	–	–	17,255	4,182	30,780	110,465	226,989	–	166,697	12,075
Trading securities	–	–	–	–	–	–	–	–	19,359	–	–	–
Interest-bearing borrowings	–	(2,550,771)	(26,530)	–	–	–	–	(712,640)	(37,273)	–	–	–
Convertible notes	–	(155,339)	–	–	–	–	–	(146,669)	–	–	–	–
Overall net exposure	32,775	(1,931,155)	(22,167)	2	17,255	4,347	30,780	(193,298)	215,503	1,565	166,745	12,081

34 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 HK$ and US$ would be materially unaffected by any changes in movement in value of US$ against other currencies.

	2016			2015		
	Increase/ (decrease) in foreign exchange rates	Effect on loss after tax and retained profits $'000	Effect on other components of equity $'000	Increase/ (decrease) in foreign exchange rates	Effect on loss after tax and retained profits $'000	Effect on other components of equity S'000
RMB	5%	(1,108)	—	5%	(574)	11,349
	(5%)	1,108	—	(5%)	574	(11,349)
HK$	5%	—	—	5%	78	—
	(5%)	—	—	(5%)	(78)	—
SGD	5%	—	863	5%	2	8,335
	(5%)	—	(863)	(5%)	(2)	(8,335)
AUD	5%	8	209	5%	—	604
	(5%)	(8)	(209)	(5%)	—	(604)
JPY	5%	—	1,639	5%	—	1,539
	(5%)	—	(1,639)	(5%)	—	(1,539)

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 2015.

NOTES TO THE FINANCIAL STATEMENTS

(Expressed in Hong Kong dollars unless otherwise indicated)

34 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 20) and available-for-sale securities (note 17). 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.

	31 March 2016				
	Increase/ (decrease)	**Effect on loss after tax $'000**	**Effect on retained profit $'000**	**Effect on other components of equity $'000**	**Effect on non-controlling interests $'000**
Fair value of the Group's investments in listed securities	**10%**	**—**	**—**	**2,056**	**—**
	(10%)	**—**	**—**	**(2,056)**	**—**
Equity price of the Company	**10%**	**4,158**	**(4,158)**	**—**	**—**
	(10%)	**(5,402)**	**5,402**	**—**	**—**

	31 March 2015				
	Increase/ (decrease)	Effect on loss after tax $'000	Effect on retained profit $'000	Effect on other components of equity $'000	Effect on non-controlling interests $'000
Fair value of the Group's investments in listed securities	10%	(9,894)	9,484	17,785	410
	(10%)	9,894	(9,484)	(17,785)	(410)
Equity prices of the Company and a subsidiary	10%	170,050	(74,253)	—	(95,797)
	(10%)	(175,336)	77,314	—	98,022

34 FINANCIAL RISK MANAGEMENT AND FAIR VALUES (continued)

(e) Equity price risk (continued)

The sensitivity analysis above indicates the instantaneous change in the Group's profit after tax, retained profits, other components of consolidated equity and non-controlling interests 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 2015.

(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 end of the year 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

		Fair value measurements at 31 March 2016 categorised into		
	Fair value at 31 March 2016 $'000	Level 1 $'000	Level 2 $'000	Level 3 $'000
Assets:				
Available-for-sale securities	**20,562**	**1,357**	**—**	**19,205**
Liabilities:				
Financial liabilities at fair value through profit or loss				
– Convertible notes	**155,339**	**—**	**—**	**155,339**

NOTES TO THE FINANCIAL STATEMENTS

(Expressed in Hong Kong dollars unless otherwise indicated)

34 FINANCIAL RISK MANAGEMENT AND FAIR VALUES (continued)

(f) Fair value measurement (continued)

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

	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

During the years ended 31 March 2016 and 2015, 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.

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:

	2016	2015	
	Issued by the Company	Issued by the Company	Issued by a subsidiary
Share price	**$1.06**	$1.14	US$5.11
Expected volatility	**55.81%**	43.64%	37.96%-41.07%
Expected dividends	**2.28%**	2.53%	0%
Risk-free interest rate	**0.69%**	0.76%	0.58%-0.72%

The movements during the year in major balances of these Level 3 fair value measurements are disclosed in note 28.

34 FINANCIAL RISK MANAGEMENT AND FAIR VALUES (continued)

(f) Fair value measurement (continued)

(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 2016 and 2015 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 $75,627,000 (2015: $369,161,000) 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 end of the year.

35 COMMITMENTS

(a) Capital commitments for the acquisition of property, plant and equipment outstanding at 31 March 2016 not provided for in the financial statements were as follows:

	2016	2015
	$'000	$'000
Contracted for	**3,951**	—

(b) As at 31 March 2016, the total future minimum lease payments under non-cancellable operating leases are payable as follows:

	2016	2015
	$'000	$'000
Within 1 year	**14,304**	13,070
After 1 year but within 5 years	**20,622**	2,113
	34,926	15,183

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 leases are disclosed in note 12(c).

NOTES TO THE FINANCIAL STATEMENTS

(Expressed in Hong Kong dollars unless otherwise indicated)

36 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 2016.

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.

37 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 8 and the highest paid employees as disclosed in note 9.

(b) Transactions with related companies

(i) Transactions with Magnum

As disclosed in note 28(b)(ii), on 25 August 2014, the Company entered into a sale and purchase agreement with Magnum, pursuant to which Company agreed to sell and Magnum agreed to acquire 50% of the convertible notes issued by CCBC due October 2017 at an aggregate purchase price of US$44,045,000 (equivalent to approximately $343,551,000).

On 8 May 2015, the Company entered into another sale and purchase agreement with Magnum to acquire 50% of the convertible notes issued by CCBC due October 2017 at an aggregate purchase price of approximately US$61,896,000 (equivalent to approximately $482,789,000) from Magnum.

At both transaction dates and at 31 March 2016 and 2015, Magnum is controlled by Mr. Kam, Chairman of the Company and CCBC. Therefore, Magnum meets the definition of related party as set out in note 2(z)(b)(vi).

37 MATERIAL RELATED PARTY TRANSACTIONS (continued)

(b) Transactions with related companies (continued)

(ii) Transaction with ECHIL

As disclosed in note 28(b)(i), on 3 November 2015, the Company entered into a sale and purchase agreement with ECHIL, a wholly-owned subsidiary of Magnum 2, to acquire the convertible notes issued by CCBC due April 2017 at an aggregate purchase price of approximately US$161,784,000 (equivalent to approximately $1,261,915,000).

At transaction date and at 31 March 2016, Magnum 2 is controlled by Mr. Kam, Chairman of the Company and CCBC. Therefore, Magnum 2 meets the definition of related party as set out in note 2(z)(b)(vi).

(iii) Transaction with Mr. Kam

As disclosed in note 31(c), on 30 November 2015, the Company entered into a sale and purchase agreement with Mr. Kam, to acquire his 357,331 ordinary shares of CCBC at an aggregate consideration of approximately US$2,287,000 (equivalent to approximately $17,839,000), which constituted a related party transaction of the Company.

As disclosed in note 25(b), Mr. Kam provided guarantee to the Promissory Notes issued by a subsidiary of the Group with an aggregate principal amount of US$250,000,000 (equivalent to approximately $1,950,000,000).

(iv) Transaction with Bio Garden Inc. ("Bio Garden")

On 27 July 2015, the Company and Bio Garden, a company incorporated in BVI with limited liability and is wholly-owned by certain discretionary trusts of which Mr. Kam was the founder, entered into a underwriting agreement relating to an open offer (the "Underwriting Agreement") setting out the terms of open offer and the underwriting of the open offer by Bio Garden, including the basis of the open offer, the subscription price of $1.0 and the underwriting commission of 2% of the total subscription price in respect of 976,332,383 underwriting shares, being the maximum number of underwriting shares to be taken up by Bio Garden.

As disclosed in note 30(b)(vi), the open offer was completed on 26 October 2015 and the Company paid underwriting commission of $19,527,000 to Bio Garden in accordance with the Underwriting Agreement.

(c) Applicability of the Listing Rules relating to connected transactions

The related party transaction in respect of note 37(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 section "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.

NOTES TO THE FINANCIAL STATEMENTS

(Expressed in Hong Kong dollars unless otherwise indicated)

38 NON-ADJUSTING EVENTS AFTER THE REPORTING PERIOD

On 8 April 2016, Baisuihang received a letter in relation to cooperation and support of resumption work (the "Letter") from Qingpu District of Shanghai. According to the Letter, Baisuihang was informed that the area in which Baisuihang is located has been listed in the development plan of the new city and will be included in the year 2016 resumption plan of Qingpu District of Shanghai.

As at the date of this annual report, the resumption of land and properties of Baisuihang situated in the Qingpu District of Shanghai as contemplated by the Letter (the "Possible Land Resumption") is still at preliminary stage and details of the Possible Land Resumption, including but not limited to timing of the Possible Land Resumption, compensation term, relocation plan and other relevant information are not yet available.

39 CONTINGENT LIABILITIES

As disclosed in notes 28(b) and 31(c), the Group completed acquisitions of the KKR CN, the Magnum CN, the CGL CN, the CGL Share and the Kam Share during the year ended 31 March 2016. Pursuant to the respective sale and purchase agreements, the Company agreed that if the Final Acquisition Price is higher than US$6.40 per ordinary share of CCBC, the Company shall, promptly upon completion of the Privatisation of CCBC, pay to ECHIL, Magnum, CGL and Mr. Kam an additional payment in cash. The calculation of the additional payment amount is as follows:

Additional payment of the KKR CN, the Magnum CN and the CGL CN =

(Final Acquisition Price – US$6.40) x total number of ordinary shares of CCBC upon converted the KKR CN, the Magnum CN and the CGL CN in full

Additional payment of the CGL Share and the Kam Share =

(Final Acquisition Price – US$6.40) x total number of the CGL Share and the Kam Share

Further details are set out in the Company's circulars dated 26 September 2015 and 15 December 2015, respectively.

As at date of this annual report, the draft agreements proposed by GMSC in connection with the Privatisation (including the Final Acquisition Price) were still being reviewed and evaluated by the special committee of CCBC (the "Special Committee"). The final amount of per share Final Acquisition Price payable with respect to the Privatisation will be provided in the definitive agreements once finalised between GMSC and the Special Committee. Probability of occurrence of the additional payments depends on the definitive and binding agreement in respect of the Privatisation and cannot be quantified by the Group reliably at current stage. Announcement(s) will be made if any material development.

40 COMPANY-LEVEL STATEMENT OF FINANCIAL POSITION

	2016 $'000	2015 $'000
Non-current assets		
Property, plant and equipment	**152**	179
Interests in subsidiaries	**4,587,377**	3,808,092
	4,587,529	3,808,271
Current assets		
Other receivables	**8,818**	7,681
Time deposits	**17,699**	16,487
Cash and cash equivalents	**647,087**	555,530
	673,604	579,698
Current liabilities		
Other payables	**44,836**	11,545
Interest-bearing borrowings	**566,150**	—
	610,986	11,545
Net current assets	**62,618**	568,153
Total assets less current liabilities	**4,650,147**	4,376,424
Non-current liabilities		
Interest-bearing borrowings	**—**	749,913
Financial liabilities at fair value through profit or loss	**155,339**	146,669
	155,339	896,582
NET ASSETS	**4,494,808**	3,479,842
CAPITAL AND RESERVES (note 30(a))		
Share capital	**593,228**	359,572
Reserves	**3,901,580**	3,120,270
TOTAL EQUITY	**4,494,808**	3,479,842

NOTES TO THE FINANCIAL STATEMENTS

(Expressed in Hong Kong dollars unless otherwise indicated)

41 IMMEDIATE AND ULTIMATE CONTROLLING PARTY

At 31 March 2016, the directors consider the immediate parent and ultimate controlling party of the Group to be Bio Garden which is incorporated in BVI. This entity does not produce financial statements available for public use.

42 POSSIBLE IMPACT OF AMENDMENTS, NEW STANDARDS AND INTERPRETATIONS ISSUED BUT NOT YET EFFECTIVE FOR THE YEAR ENDED 31 MARCH 2016

Up to the date of issue of these financial statements, the HKICPA has issued a few amendments and new standards which are not yet effective for the year ended 31 March 2016 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 Group's results of consolidated financial statements.

FIVE-YEAR FINANCIAL SUMMARY

A summary of the published financial information of the Group, re-presented as appropriate, is set out below:

RESULTS

	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	**Year ended 31 March 2016 HK$'000**
Revenue	433,222	431,797	380,872	269,582	**281,558**
Profit/(loss) from operations	29,551	3,832	(632,807)	(34,862)	**(265,240)**
Finance costs	(5,990)	(34,747)	(60,066)	(66,284)	**(144,467)**
Changes in fair value of financial liabilities at fair value through profit or loss	(32,506)	31,457	(105,472)	8,551	**(17,250)**
Loss on deemed disposal of partial interest in an associate	—	—	(33,072)	—	**—**
Gain on disposal of interest in associates	41,436	8,527	—	—	**—**
Share of profits/(losses) in associates and a joint venture	105,759	85,292	(21,359)	—	**—**
Impairment loss on non-current assets classified as held for sale	—	—	—	(759,934)	**—**
Profit/(loss) before taxation	138,250	94,361	(852,776)	(852,529)	**(426,957)**
Income tax (expense)/credit	(31,648)	(41,538)	106,665	(18,442)	**(4,327)**
Profit/(loss) for the year from continuing operations	106,602	52,823	(746,111)	(870,971)	**(431,284)**
Profit/(loss) for the year from discontinuing operation	171,558	155,944	33,247	(10,466)	**(357,268)**
Attributable to:					
Equity shareholders of the company					
– continuing operations	88,173	61,730	(574,544)	(863,747)	**(405,561)**
– discontinuing operation	64,704	73,930	145,463	57,887	**(280,951)**
	152,877	135,660	(429,081)	(805,860)	**(686,512)**
Non-controlling interests					
– continuing operations	18,429	(8,907)	(171,567)	(7,224)	**(25,723)**
– discontinuing operation	106,854	82,014	(112,216)	(68,353)	**(76,317)**
	125,283	73,107	(283,783)	(75,577)	**(102,040)**
Profit/(loss) for the year	278,160	208,767	(712,864)	(881,437)	**(788,552)**

FIVE-YEAR FINANCIAL SUMMARY

ASSETS AND LIABILITIES

	As at 31 March				
	2012	2013	2014	2015	**2016**
	HK$'000	HK$'000	HK$'000	HK$'000	**HK$'000**
Property, plant and equipment	3,042,675	3,371,830	3,646,819	3,774,974	**2,891,516**
Intangible assets	1,009,224	975,354	167,904	161,876	**—**
Goodwill	569,844	571,222	579,246	582,365	**491,410**
Interests in associates	792,215	792,880	—	—	**—**
Interest in a joint venture	62,981	62,951	—	—	**—**
Available-for-sale securities	435,174	480,029	519,012	483,139	**96,189**
Inventories	41,908	48,482	60,212	73,074	**—**
Trade and other receivables	315,923	571,645	550,523	508,673	**—**
Deferred tax assets	31,215	29,169	13,588	18,261	**13,967**
	6,301,159	6,903,562	5,537,304	5,602,362	**3,493,082**
Current assets	2,313,829	2,797,898	4,075,841	4,552,024	**1,113,697**
Assets of disposal group classified as held for sale	—	—	—	—	**5,686,204**
Total assets	8,614,988	9,701,460	9,613,145	10,154,386	**10,292,983**
Current liabilities	(1,827,716)	(1,490,510)	(1,501,496)	(1,051,296)	**(3,118,639)**
Liabilities of disposal group classified as held for sale	—	—	—	—	**(2,377,303)**
Total assets less current liabilities	6,787,272	8,210,950	8,111,649	9,103,090	**4,797,041**
Non-current liabilities	(927,156)	(2,084,609)	(2,261,165)	(4,466,839)	**(328,555)**
Net assets	5,860,116	6,126,341	5,850,484	4,636,251	**4,468,486**
Attributable to:					
Equity shareholders of the Company	4,063,492	4,465,441	4,492,861	3,589,275	**3,672,800**
Non-controlling interests	1,796,624	1,660,900	1,357,623	1,046,976	**795,686**
Total equity	5,860,116	6,126,341	5,850,484	4,636,251	**4,468,486**

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

INDEPENDENT NON-EXECUTIVE DIRECTORS

Prof. CAO Gang
Mr. FENG Wen
Prof. GU Qiao
Mr. Daniel FOA

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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

CORPORATE INFORMATION

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

Estera Trust (Cayman) Limited
(Formerly known as "Appleby Trust (Cayman) Ltd")

BRANCH SHARE REGISTRAR AND TRANSFER OFFICE IN HONG KONG

Computershare Hong Kong Investor Services Limited

PRINCIPAL BANKERS

Bank of China (Hong Kong) Limited
China CITIC Bank International Limited
China Construction Bank – Beijing Branch
Taiwan Cooperative Bank (Hong Kong Branch)

INVESTOR RELATIONS

Ms. Joanna Rui, Investor Relations Manager
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GOLDEN MEDITECH HOLDINGS LIMITED
金 衛 醫 療 集 團 有 限 公 司