GOLDEN MEDITECH HOLDINGS LIMITED

金衛醫療集團有限公司

(Incorporated in the Cayman Islands with Limited Liability)

(Stock Code: 801.HK)

INTERIM REPORT **2016/17**

ENHANCING SHAREHOLDERS' VALUE

CONTENTS

CORPORATE PROFILE

Golden Meditech Holdings Limited (the "Company" or "Golden Meditech"; 801.HK; 910801.TW), together with its subsidiaries (collectively referred to as the "Group"), is a leading integrated healthcare enterprise in Mainland China.

Golden Meditech is recognised as a first-mover in Mainland China's healthcare industry. By turning our industry insight into strategies, we have successfully identified opportunities in the market which allow us to establish dominant positions in each of the businesses we operate in. Our strengths in innovation, market expertise, stringent demand on quality, proven strategies and ability to capture emerging market opportunities have enabled us to unleash the potential of each business unit and effectively accelerated our business growth.

THE HEALTHCARE SERVICES SEGMENT

Focusing on hospital management and related services, the Group currently manages three reputable hospitals in Beijing and Shanghai. Shanghai East International Medical Center is a renowned hospital serving high-end Chinese and foreign expatriates in Shanghai. Beijing Qinghe Hospital located in Beijing Haidian District is a specialised hospital with various faculties, mainly providing prime healthcare services with a focus on haematology specialty to residents in Beijing. Beijing Sunbow Obstetrics & Gynecology Hospital is committed to provide obstetrics, gynecology and pediatric medical services at international standards.

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.

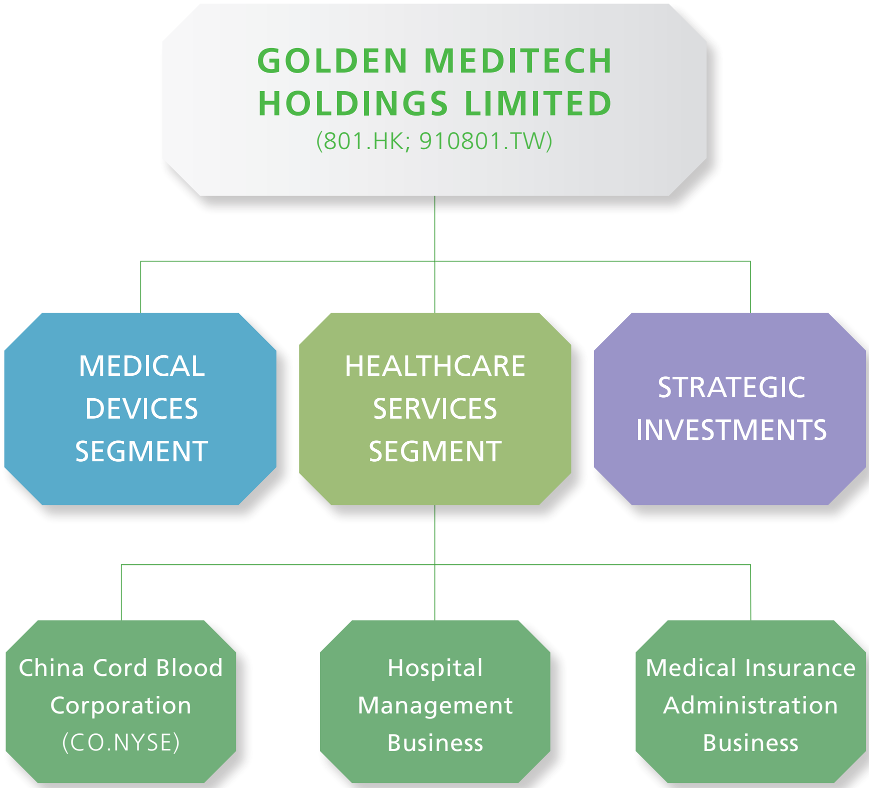
THE MEDICAL DEVICES SEGMENT

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.

MANAGEMENT DISCUSSION AND ANALYSIS

The management is pleased to present the interim results of Golden Meditech Holdings Limited (the "Company" or "Golden Meditech", together with its subsidiaries, collectively referred to as the "Group") for the six months ended 30 September 2016 (the "Reporting Period"). During the Reporting Period, results performance recorded by all business segments of the Group were in line with the management's expectations.

The slowdown in major economies has placed greater challenges and cast uncertainties over the global economy. However, China still managed to achieve a 6.7% year-on-year growth in gross domestic product so far in 2016, thanks to the structural adjustments and stable economy growth policies. As a whole, China has maintained a stable performance while at the same time securing progress in its economic development. China continues to deepen its healthcare reforms and release favourable policies which have boosted the confidence of the healthcare industry. Driven by aging population and industrial policies, Chinese healthcare services sector has flourished, and its compound annual growth rate is expected to reach approximately 15% over the next five years. This annualised growth rate will surpass the macro-economy growth rate, making the healthcare services sector one of the most attractive sectors.

In view of the rapid growth in China's healthcare services sector, the government introduces favourable measures to promote the development of non-public medical institutions. Private healthcare enterprises are determined to seize this opportunity not only to expanding their scale of business, but also enhancing their healthcare service standards as well as operational capabilities. More importantly, private capital is playing a pivotal role in facilitating the developments and reforms of China's healthcare services sector.

As a leading integrated healthcare enterprise in China, the Group pays close attention to the changes in Chinese economy and regulations, aiming to provide premium healthcare services and quality medical devices. The Group has grown its business from medical devices to integrated healthcare services, owing to its extensive years of experience and comprehensive insights in the Chinese healthcare industry. The Group will apply synergies from the medical devices business to complement the growth of its premium healthcare services business, so as to increase its overall competitiveness.

BUSINESS REVIEW

Golden Meditech is principally engaged in the integrated healthcare business. 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 was being classified as discontinuing operation in the fiscal year 2015/2016. The medical devices segment currently consists of the manufacturing of medical devices and the sale of medical device consumables. In addition, the Group has also ventured into healthcare related strategic investments.

MANAGEMENT DISCUSSION AND ANALYSIS

Continuing Operations

I. *Healthcare Services Segment*

Hospital Management Business

Beijing Qinghe Hospital ("Qinghe Hospital") is located in Haidian District of Beijing with a gross floor area of approximately 75,000 m^2. It offers 500 beds, of which 48 beds are haematology wards. Through working seamlessly with the Peking University People's Hospital (北京大學人民醫院), Qinghe Hospital aims to deliver prime healthcare services with a focus on haematology specialty. After years of adjustment and adaptation, Qinghe Hospital obtained its license in late 2015.

Beijing Sunbow Obstetrics & Gynecology Hospital ("Sunbow O&G Hospital") was officially opened in October 2016. It has formed a seasoned team of experts who have worked at Beijing Obstetrics & Gynecology Hospital, the Department of Obstetrics and Gynecology at third-grade class A general hospitals in Beijing and other large private obstetrics and gynecology hospitals. Sunbow O&G Hospital is committed to create a professional medical center providing obstetrics, gynecology and pediatric medical services at international standards.

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

Healthcare reform policies promote the diversified development of both public and private hospitals, with a view to creating interaction and synergies between the public and private hospitals. At the same time, the reform policies encourage private hospitals to expand into explicit service-demand areas such as rehabilitation, elderly care, nursing and pediatric.

Being a pioneer hospital operator, the Group managed to develop steadily by seizing the initiatives and exploring innovative business models in the high-end market. At present, the Group owns SEIMC, Sunbow O&G Hospital and Qinghe Hospital, which is either self-run or third-party managed. The Group's top priority is to provide high quality healthcare services. The Group is focused on integrating its resources, expanding the high-end market and building up the economies of scales as well as brand awareness, laying a solid foundation for its future return.

Medical Insurance Administration Business

GM-Medicare Management (China) Company Limited, a subsidiary of the Group, serves as a missing link by providing claims process and bill settlement services to medical insurance companies, hospitals and policy holders, aiming to fill the gap in the value chain of medical insurance sector. During the Reporting Period, the Group's self-developed claim administration system continues to gain recognition and accreditation by the market and end users. This has helped the Group in building a sound reputation in the insurance sector while expanding its sales channels. The Group will further summarise collaboration experiences with 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.

Notably, the medical insurance system reforms not only intensify the development of medical insurance, but also accelerate the innovation of insurance payments. The Group's medical insurance administration business is set to benefit from these favourable reforms.

MANAGEMENT DISCUSSION AND ANALYSIS

II. Medical Devices Segment

The Group is also a pioneer in the development, production, sales and distribution of medical devices. It has accumulated tremendous strengths in research and development, qualified professionals and extensive distribution network. Its self-developed flagship product, Autologous Blood Recovery System ("ABRS"), was the first device of its kind that obtained approval from the China Food and Drug Administration. During the past years, there has been renewed focus on the healthcare services segment. The Group has spent significant proportion of its time in transforming the healthcare services segment as its core healthcare business. The medical devices segment is set to synergise with the healthcare services segment and continues to contribute revenue to the Group.

Through promoting the innovation of domestic medical devices sector and facilitating the substitution of foreign medical devices, healthcare reforms are further improving the competitiveness of cost-effective domestic medical devices enterprises. The Group will seize the opportunity by actively increasing its marketing efficiency and tapping into new markets.

III. Strategic Investments

The Group operates a production facility in Shanghai Qingpu District which in turn is 100% owned by its Chinese herbal medicines business. 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. Hence, the Company will work closely with the local government regarding the land valuation as well as identifying relocation site.

The Company made a full impairment provision of HK$759,934,000 against its investment in Fortress Group Limited ("Fortress", a former associate of the Group) in 2014/2015 financial year. To date, the Company has reached settlement agreements with the controlling shareholder of Fortress as well as the relevant parties (please refer to "Key Developments" section below for details).

Discontinuing Operation – Cord Blood Storage Business

China Cord Blood Corporation ("CCBC") has successfully established a leading position in the cord blood storage sector after years of development. Both of its Beijing and Guangdong cord blood banks have obtained the accreditation by American Association of Blood Banks, making them cord blood banks at international standards. The newly established Zhejiang cord blood bank has also achieved steady performance. Through constantly cultivating the market and optimising its sales force, CCBC signed up approximately 34,674 new subscribers, representing an increase of 5.6% year-on-year, during the Reporting Period.

The 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 CCBC (the "Proposed Privatisation") in April 2015. During the process of the Proposed Privatisation, the Group was approached by Nanjing Xinjiekou Department Store Co., Ltd. ("Nanjing Xinbai") in respect of the disposal of its 65.4% fully-diluted equity interest in CCBC (please refer to the Company's announcement dated 13 January 2016). The disposal was approved by the shareholders of the Company (the "Shareholders") on 15 June 2016, therefore, the cord blood storage business is classified as the Group's discontinuing operation.

MANAGEMENT DISCUSSION AND ANALYSIS

Due to the uncertainty in the current regulatory policy regarding significant asset restructuring of listed companies in the PRC, Nanjing Xinbai decided to withdraw the application for the CSRC's approval of its acquisition of CCBC shares on 29 August 2016. Nevertheless, Nanjing Xinbai might participate in the future sale and purchase of CCBC shares in accordance with other relevant regulatory policies.

Subsequently, on 1 September 2016, the Company entered into an earnest money agreement with Sanpower Group Limited* (三胞集團有限公司) ("Sanpower"), the substantial shareholder of Nanjing Xinbai. Pursuant to the agreement, Sanpower agreed to pay to the Company an earnest money of RMB300,000,000 (equivalent to approximately HK$348,867,000) so as to secure alternative arrangements for the future sale and purchase of CCBC shares.

KEY DEVELOPMENTS

Jointly Establishment of Cellenkos

On 15 September 2016, the Company, The University of Texas at MD Anderson Cancer Center ("MD Anderson") and an independent strategic investor jointly established Cellenkos, Inc. ("Cellenkos") which focuses on umbilical cord blood derived T-regulatory ("T-reg") cellular therapies. The Company has initially invested approximately US$5,098,000 (equivalent to approximately HK$39,510,000) for the acquisition of 17.4% total issued common stock of Cellenkos. The Company was also granted warrants to purchase an additional US$5,098,000 (equivalent to approximately HK$39,510,000) worth of shares.

Cellenkos will build on MD Anderson's existing and potential future pre-clinical and clinical research to develop various T-reg-based therapies for clinical use in treating autoimmune diseases where the patient's T-reg cells are often defective and/or lower in number. Such investment includes options to expand the T-reg technologies of Cellenkos into key Asian markets. The Company's management believes that the collaboration with MD Anderson will further advance the real-life applications of cord blood stem cells. Additionally, the potential medical benefits available through utilisation of umbilical cord stem cells will serve to save lives and enhance the quality of life of patients.

Fortress Settlement Agreement

On 3 November 2016, the Company's wholly-owned subsidiary, GM Investment Company Limited ("GM Investment"), entered into a conditional settlement agreement with PAG Asia I LP, its assignee PAGAC Fortress Holding I Limited ("PAGAC") and Fortress. Pursuant to the agreement, GM Investment has obtained full authority from Fortress to recover an outstanding amount of approximately US$250,000,000 (equivalent to approximately HK$1,937,500,000) from Sanpower (the "Fortress Unsettled Sum"). Accordingly, GM Investment has agreed to pay an amount of US$180,000,000 (equivalent to approximately HK$1,395,000,000) by three instalments within 18 months. Any difference in the recovery from Sanpower will be retained by GM Investment for its own use. After full payment of the settlement sum, GM Investment will be released and discharged from all claims made by PAGAC.

* The English name is for identification purpose only.

MANAGEMENT DISCUSSION AND ANALYSIS

Sanpower Settlement Agreement

On 14 November 2016, GM Investment entered into a conditional settlement agreement with Sanpower regarding the Fortress Unsettled Sum. Pursuant to the agreement, Sanpower has agreed to pay an amount of US$300,000,000 (equivalent to approximately HK$2,325,000,000) by five instalments within 36 months to GM Investment as the final settlement to resolve the claim in relation to Fortress Unsettled Sum. The first three installments shall be paid in cash. GM Investment has the sole discretion to demand the remaining two instalments to be paid either in cash or in kind by Sanpower's investment in securities listed on the Shanghai Stock Exchange. After full payment of the settlement sum, GM Investment will release and discharge Sanpower from all claims, including the claim for the Fortress Unsettled Sum and the claim in relation to the sale and purchase of ordinary shares of Fortress under the agreement entered into between GM Investment and Sanpower in 2014.

The abovementioned two settlement agreements are expected to bring approximately US$120,000,000 (equivalent to approximately HK$930,000,000) to the Group, which exceeds the impairment provision of approximately HK$759,934,000 made against the equity interests in Fortress held by the Group as at 31 March 2015. Details please refer to the Company's announcements dated 3 November 2016 and 14 November 2016. Such two settlement agreements are subject to the approval of the Shareholders.

FINANCING

Convertible Notes – Deed of Variation

The Company issued a convertible notes in the principal amount of US$20,000,000 (equivalent to approximately HK$155,000,000) to Gem Power International Limited ("Gem Power"), an indirectly and wholly-owned subsidiary of CCB International (Holdings) Limited, in October 2014. On 27 October 2016, the Company signed a deed of variation with Gem Power whereby it proposed to adjust the conversion price from HK$1.33 to HK$1.10. The management believes that the variation will incentivise Gem Power to convert the convertible notes by bringing it closer to the market price of the Company's shares. As a result, the Company would benefit from not only saving interest costs and reducing burden on its working capital, but also broadening the capital base as well as improving the financial position of the Company.

Pursuant to the deed of variation, the conversion shares will be adjusted from 116,541,353 new shares to 140,909,091 new shares, representing 4.54% of the enlarged issued share capital of the Company. As the Company has yet to utilise the mandate that was granted to the directors at the Company's 2016 annual general meeting (the "2016 AGM") to issue, allot and deal with not more than 593,227,940 new shares, the issue of the new conversion shares will not be subject to Shareholders' approval.

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 Reporting Period separately as discontinuing operation in the consolidated income statement with comparative information re-presented. Assets and liabilities of CCBC as at 30 September 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 statement of financial position. As a result, to facilitate year-on-year comparison, selected financial position items and related ratios of the two reporting periods are reclassified in this "Management Discussion and Analysis".

MANAGEMENT DISCUSSION AND ANALYSIS

Continuing Operations

During the Reporting Period, the Group's total revenue from continuing operations amounted to HK$121,672,000, representing a decrease of 19.2% year-on-year. Of which, revenue from the healthcare services segment and the medical devices segment accounted for 26.2% and 72.0% respectively. The decline in total revenue from continuing operations was mainly attributable to the 24.8% year-on-year decrease in medical devices revenue.

I. *Healthcare Services Segment*

	Six months ended 30 September	
	2016 (HK$'000)	2015 (HK$'000)
Revenue from hospital management business	**29,901**	28,349
Revenue from medical insurance administration business	**1,984**	2,780
Selling and administrative expenses	**(100,769)**	(103,123)
Loss before interest, tax, depreciation and amortisation	**(47,837)**	(55,668)
Loss after tax	**(85,801)**	(89,711)

During the Reporting Period, revenue from the healthcare services segment increased by 2.4% year-on-year to HK$31,885,000. Revenue generated from hospital management business and medical insurance administration business were HK$29,901,000 and HK$1,984,000, accounting for 93.8% and 6.2% of healthcare services revenue, respectively.

Hospital Management Business

During the Reporting Period, revenue from SEIMC amounted to HK$29,901,000, representing an increase of 5.5% year-on-year. As Qinghe Hospital obtained its licence in late 2015, it has yet to make revenue contribution. The Group is committed to implementing the new operating model 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 Reporting Period, revenue from medical insurance administration business was HK$1,984,000. The management expects that its operational efficiency as well as its profitability will improve once its self-developed medical insurance claim system has gained momentum and cooperated with more medical insurance companies.

During the Reporting Period, selling and administrative expenses from the healthcare services segment amounted to HK$100,769,000, representing a decrease of 2.3% year-on-year. The decrease was largely attributable to the decline in operating costs from Qinghe Hospital.

MANAGEMENT DISCUSSION AND ANALYSIS

II. Medical Devices Segment

	Six months ended 30 September	
	2016 (HK$'000)	2015 (HK$'000)
Revenue from medical devices	**11,824**	20,238
Revenue from medical device consumables	**57,566**	69,378
Revenue from distribution of medical consumables	**18,225**	26,960
Selling and administrative expenses	**(25,475)**	(24,981)
Profit before interest, tax, depreciation and amortisation	**29,132**	36,929
Profit after tax	**18,857**	25,036

During the Reporting Period, revenue from the medical devices segment decreased by 24.8% year-on-year to HK$87,615,000, accounting for 72.0% of the Group's total revenue from continuing operations. The decrease was mainly attributable to the increasing competition in the medical devices market. The Group proactively adjusted its marketing strategy and lowered its ABRSs' selling price in order to stabilise and counter the decrease in the sale of medical device consumables.

During the Reporting Period, selling and administrative expenses from the medical devices segment amounted to HK$25,475,000, representing an increase of 2.0% year-on-year. The increase was largely attributable to the increase in staff costs as well as research and development expenses.

MANAGEMENT DISCUSSION AND ANALYSIS

III. Strategic Investments

	Six months ended 30 September	
	2016 (HK$'000)	2015 (HK$'000)
Revenue from Chinese herbal medicines business	**2,172**	2,822
Selling and administrative expenses	**(9,661)**	(11,640)
Loss before interest, tax, depreciation and amortisation	**(1,421)**	(1,554)
Loss after tax	**(9,901)**	(11,012)

The Chinese herbal medicines business recorded an operating loss of HK$11,620,000 during the Reporting Period. The Group received a potential 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 is successful.

During the Reporting Period, selling and administrative expenses from strategic investments amounted to HK$9,661,000, representing a decrease of 17.0% year-on-year. The decrease was largely attributable to the decline in research and development expenses.

Gross Profit Margin

Management strictly monitors cost expenditure and adopts effective measures on cost control, causing the year-on-year costs to decrease during the Reporting Period. The Group's gross profit margin from continuing operations improved by 6.6 percentage points year-on-year to 50.8%. The Group's core businesses, the healthcare services segment and medical devices segment, reported gross profit margins of 50.5% and 55.2%, as compared to 48.1% and 46.8% in the corresponding period last year, respectively.

Selling and Administrative Expenses

Across all business segments, the Group has continued with its wide-ranging marketing and business development initiatives. Selling and administrative expenses totalled HK$231,432,000, representing an increase of 16.1% year-on-year, during the Reporting Period. The increase was largely attributable to the provision for accumulated directors' retirement benefits of HK$33,855,000, under the directors' retirement benefits scheme which was approved by Shareholders at the 2016 AGM.

Other Income

During the Reporting Period, the Group recorded other income of HK$7,634,000, as compared to HK$16,064,000 in the corresponding period last year. Such fluctuation was largely attributable to the fact that the Group has realised net proceeds of HK$4,393,000 in trading securities in the period ended 30 September 2015, while no such income was recorded during the Reporting Period.

MANAGEMENT DISCUSSION AND ANALYSIS

Operating Loss from Continuing Operations

During the Reporting Period, the Group recorded operating loss from continuing operations of HK$162,014,000, as compared to an operating loss of HK$116,621,000 in the corresponding period last year. Fluctuation was largely attributable to the abovementioned increase in selling and administrative expenses as well as the decrease in other income during the corresponding period last year.

Finance Costs

The Group recorded finance costs of HK$171,789,000, representing an increase of 509.1% year-on-year. The significant increase was mainly attributable to the US$250,000,000 (equivalent to approximately HK$1,937,500,000) promissory notes issued in December 2015.

Income Tax Expense

The Group's total income tax expense was HK$3,880,000, representing a decrease of 14.6% year-on-year. Such decrease was largely attributable to the lower taxable profits of the medical devices segment as compared to the corresponding period last year.

Profit/(Loss) from Discontinuing Operation

	Six months ended 30 September	
	2016 (HK$'000)	2015 (HK$'000)
Revenue	**419,785**	421,979
Cost of sales	**(69,833)**	(92,721)
Gross profit	**349,952**	329,258
Other income	**11,241**	24,885
Selling expenses	**(89,695)**	(92,877)
Administrative expenses	**(105,036)**	(109,634)
Impairment loss on available-for-sale equity securities	**—**	(10,474)
Profit from operations	**166,462**	141,158
Finance costs	**(1,727)**	(1,816)
Changes in fair value of financial liabilities at fair value through profit or loss	**—**	(333,176)
Profit/(loss) before tax	**164,735**	(193,834)
Income tax expense	**(29,254)**	(35,506)
Profit/(loss) from discontinuing operation	**135,481**	(229,340)

MANAGEMENT DISCUSSION AND ANALYSIS

During the Reporting Period, CCBC, the discontinuing operation, recorded an accumulated subscribers of 536,877. Its revenue decreased slightly by 0.5% year-on-year to HK$419,785,000, which was largely attributable to the depreciation of Renminbi. Excluding the impact of the depreciation of Renminbi, revenue increased by 6.0% year-on-year. Profit from discontinuing operation amounted to HK$135,481,000. No depreciation and amortisation were charged on the assets of the discontinuing operation subsequent to the reclassifications as "assets of disposal group classified as held for sale" on 31 March 2016. Excluding depreciation and amortisation and fair value changes of financial liabilities, adjusted profit from discontinuing operation of the corresponding period last year was HK$135,608,000, which represents insignificant fluctuation.

Loss Attributable to Equity Shareholders of the Company from Continuing Operations

During the Reporting Period, loss attributable to equity shareholders of the Company from continuing operations was HK$317,154,000, representing an increase of 129.4% year-on-year. Such increase was mainly attributable to the abovementioned interests incurred on promissory notes.

Current Assets and Total Assets (continuing operations)

As at 30 September 2016, the Group's total current assets and total assets were HK$1,044,065,000 and HK$4,448,826,000 (31 March 2016: HK$1,113,697,000 and HK$4,606,779,000), respectively.

Liquidity and Financial Resources (continuing operations)

The Group's cash and bank deposits amounted to HK$735,980,000 (31 March 2016: HK$974,162,000) and total interest-bearing borrowings stood at HK$2,773,557,000 (31 March 2016: HK$2,879,636,000) as at 30 September 2016. Excluding the promissory notes, total interest-bearing borrowings were HK$660,754,000 (31 March 2016: HK$868,485,000).

Debt Ratio (continuing operations)

Based on the total interest-bearing borrowings divided by total equity, the Group's debt ratio was 83.6% as at 30 September 2016 (31 March 2016: 71.2%). Excluding the promissory notes, the adjusted Group's debt ratio was 19.9% as at 30 September 2016 (31 March 2016: 21.5%). From a long-term perspective, the management is committed to maintain an optimal and stable level of debt ratio, in order to achieve maximum capital efficiency.

Credit and Capital Policies

The Group adopts a relatively prudent approach in treasury policies, through continuously assessing the customers' financial status in order to minimise credit risk. The management closely monitors its cash flow status to mitigate liquidity risk so as to ensure the Group's capital structure would meet its cash flow requirements.

Employees (including continuing operations and discontinuing operation)

The Group employed 1,785 (30 September 2015: 1,845) full-time staff in Hong Kong and in China. Among which, 738 and 1,047 (30 September 2015: 744 and 1,101) staffs were employed in continuing operations and discontinuing operation respectively. During the Reporting Period, total staff costs (including directors' remuneration, the Mandatory Provident Fund and equity settled share-based payment expenses) amounted to HK$208,533,000 (period ended 30 September 2015: HK$171,137,000). The staff costs of the continuing operations and discontinuing operation were HK$96,000,000 and HK$112,533,000 (period ended 30 September 2015: HK$63,232,000 and HK$107,905,000), respectively.

MANAGEMENT DISCUSSION AND ANALYSIS

Details of the Group's Pledged Assets and Loan Guarantees (continuing operations)

As at 30 September 2016, the Group has pledged certain assets as collaterals and provided guarantees for borrowings as follows:

(i) the bank loans of certain subsidiaries of HK$116,265,000 (31 March 2016: HK$120,236,000) were secured by interests in leasehold land and buildings with an aggregate carrying amount of HK$67,264,000 (31 March 2016: HK$72,695,000);

(ii) the bank loans of the Company of HK$378,563,000 (31 March 2016: HK$566,150,000) 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 Golden Meditech Stem Cells (BVI) Company Limited); and

(iii) the promissory notes issued by a subsidiary of approximately HK$2,112,803,000 (31 March 2016: HK$2,011,151,000) 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$891,250,000).

Further details of pledged assets and loan guarantees are set out in note 17 to the financial statements.

Dividend

The directors of the Company do not recommend the payment of a dividend in respect of the period ended 30 September 2016 (period ended 30 September 2015: HK$nil).

FUTURE DEVELOPMENT

With the deepening of China's healthcare reforms as well as the rising demand of the general public for premium healthcare services, it is expected that China's high-end healthcare service market will continue to grow rapidly. As a leading integrated healthcare enterprise, we will continue to pay attention to the healthcare reforms, apply synergies from the medical devices business to complement the growth of its premium healthcare services business, unearth the potentials of every business segments, and leverage our advantages on technology as well as research and development, in order to improve the competitiveness and operating performance of the Group. At the same time, leveraging on its pioneer status 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. These strategies are allowing the Group to further consolidate its leading position in the integrated healthcare industry.

CONSOLIDATED INCOME STATEMENT

for the six months ended 30 September 2016 - unaudited
(Expressed in Hong Kong dollars)

	Note	Six months ended 30 September 2016 $'000	2015 $'000 (Note 22)
Continuing operations			
Revenue	4	**121,672**	150,527
Cost of sales		**(59,888)**	(83,928)
Gross profit		**61,784**	66,599
Other income	5	**7,634**	16,064
Selling expenses		**(8,810)**	(7,772)
Administrative expenses		**(222,622)**	(191,512)
Loss from operations		**(162,014)**	(116,621)
Finance costs	6(a)	**(171,789)**	(28,206)
Changes in fair value of financial liabilities at fair value through profit or loss	19	**8,255**	(1,444)
Loss before taxation	6	**(325,548)**	(146,271)
Income tax expense	7	**(3,880)**	(4,542)
Loss for the period from continuing operations		**(329,428)**	(150,813)
Discontinuing operation			
Profit/(loss) for the period from discontinuing operation	22	**135,481**	(229,340)
Loss for the period		**(193,947)**	(380,153)

CONSOLIDATED INCOME STATEMENT

for the six months ended 30 September 2016 – unaudited
(Expressed in Hong Kong dollars)

	Note	Six months ended 30 September	
		2016	2015
		$'000	$'000
			(Note 22)
Attributable to:			
Equity shareholders of the Company			
– continuing operations		**(317,154)**	(138,275)
– discontinuing operation		**(77,283)**	(95,774)
		(394,437)	(234,049)
Non-controlling interests			
– continuing operations		**(12,274)**	(12,538)
– discontinuing operation		**212,764**	(133,566)
		200,490	(146,104)
Loss for the period		**(193,947)**	(380,153)
Basic and diluted loss per share (in cents)	8		
– continuing operations		**(10.69)**	(7.36)
– discontinuing operation		**(2.61)**	(5.10)
		(13.30)	(12.46)

The notes on pages 22 to 65 form part of this interim financial report.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

for the six months ended 30 September 2016 – unaudited
(Expressed in Hong Kong dollars)

	Six months ended 30 September	
	2016	2015
	$'000	$'000
		(Note 22)
Loss for the period	**(193,947)**	(380,153)
Other comprehensive income for the period (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	**(151,296)**	(180,093)
Available-for-sale securities: changes in fair value recognised during the period	**(17,653)**	20,397
Item that has been reclassified to profit or loss:		
Available-for-sale securities: impairment loss	**–**	10,474
Other comprehensive income for the period	**(168,949)**	(149,222)
Total comprehensive income for the period	**(362,896)**	(529,375)
Attributable to:		
Equity shareholders of the Company		
– continuing operations	**(393,162)**	(228,980)
– discontinuing operation	**(125,500)**	(119,340)
	(518,662)	(348,320)
Non-controlling interests		
– continuing operations	**(13,052)**	(14,606)
– discontinuing operation	**168,818**	(166,449)
	155,766	(181,055)
Total comprehensive income for the period	**(362,896)**	(529,375)

The notes on pages 22 to 65 form part of this interim financial report.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

at 30 September 2016 – unaudited
(Expressed in Hong Kong dollars)

	Note	At 30 September 2016 $'000	At 31 March 2016 $'000
Non-current assets			
Property, plant and equipment	9	**1,261,956**	1,315,667
Interests in leasehold land held for own use under operating leases	9	**1,534,350**	1,575,849
		2,796,306	2,891,516
Goodwill		**476,478**	491,410
Available-for-sale securities		**119,906**	96,189
Deferred tax assets		**12,071**	13,967
		3,404,761	3,493,082
Current assets			
Inventories	12	**20,807**	17,288
Trade and other receivables	13	**287,278**	122,247
Time deposits	14	**81,601**	83,829
Cash and cash equivalents	15	**654,379**	890,333
		1,044,065	1,113,697
Assets of disposal group classified as held for sale	22	**5,728,282**	5,686,204
		6,772,347	6,799,901
Current liabilities			
Trade and other payables	16	**651,038**	353,179
Interest-bearing borrowings	17	**2,607,631**	2,697,537
Obligations under finance leases	18	**3,504**	3,789
Income tax payables		**62,888**	64,134
		3,325,061	3,118,639
Liabilities of disposal group classified as held for sale	22	**2,409,512**	2,377,303
		5,734,573	5,495,942
Net current assets		**1,037,774**	1,303,959
Total assets less current liabilities		**4,442,535**	4,797,041

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

at 30 September 2016 – unaudited
(Expressed in Hong Kong dollars)

	Note	At 30 September 2016 $'000	At 31 March 2016 $'000
Non-current liabilities			
Obligations under finance leases	18	**20,018**	22,971
Financial liabilities at fair value through profit or loss	19	**142,404**	155,339
Deferred tax liabilities		**143,194**	149,842
Other non-current liabilities		**389**	403
		306,005	328,555
NET ASSETS		**4,136,530**	4,468,486
CAPITAL AND RESERVES			
Share capital	20(a)	**593,228**	593,228
Reserves		**2,579,775**	3,079,572
Total equity attributable to equity shareholders of the Company		**3,173,003**	3,672,800
Non-controlling interests		**963,527**	795,686
TOTAL EQUITY		**4,136,530**	4,468,486

The notes on pages 22 to 65 form part of this interim financial report.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

for the six months ended 30 September 2016 – unaudited
(Expressed in Hong Kong dollars)

		Attributable to equity shareholders of the Company												
	Note	Share capital $'000	Share premium $'000	Capital redemption reserve $'000	Capital reserve $'000	Merger reserve $'000	Exchange reserve $'000	Surplus reserve $'000	Fair value reserve $'000	Other reserves $'000	Retained Profits/ (Accumulated losses) $'000	Total $'000	Non-controlling interests $'000	Total equity $'000
Balance at 1 April 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**
Total comprehensive income for the period		**–**	**–**	**–**	**–**	**–**	**(116,102)**	**–**	**(8,123)**	**–**	**(394,437)**	**(518,662)**	**155,766**	**(362,896)**
Dividends to holders of non-controlling interests		**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**(5,036)**	**(5,036)**
Equity settled share-based payment expenses		**–**	**–**	**–**	**18,865**	**–**	**–**	**–**	**–**	**–**	**–**	**18,865**	**17,111**	**35,976**
Transfer to surplus reserve		**–**	**–**	**–**	**–**	**–**	**–**	**452**	**–**	**–**	**(452)**	**–**	**–**	**–**
Balance at 30 September 2016		**593,228**	**3,293,087**	**11,679**	**84,054**	**54,193**	**211,262**	**231,550**	**71,778**	**(1,016,492)**	**(361,336)**	**3,173,003**	**963,527**	**4,136,530**
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
Total comprehensive income for the period		–	–	–	–	–	(125,863)	–	11,592	–	(234,049)	(348,320)	(181,055)	(529,375)
Shares issued upon warrants conversion	20(a)(iii)	6,707	40,237	–	–	–	–	–	–	–	–	46,944	–	46,944
Placing of Shares under general mandate	20(a)(iv)	28,000	112,000	–	–	–	–	–	–	–	–	140,000	–	140,000
Final dividend approved during the period in respect of the year ended 31 March 2015		–	–	–	–	–	–	–	–	–	(25,628)	(25,628)	–	(25,628)
Dividends to holders of non-controlling interests		–	–	–	–	–	–	–	–	–	–	–	(15,840)	(15,840)
Equity settled share-based payment expenses		–	–	–	15,092	–	–	–	–	–	–	15,092	20,884	35,976
Transfer to surplus reserve		–	–	–	–	–	–	10,200	–	–	(10,200)	–	–	–
Balance at 30 September 2015		394,279	2,521,027	11,679	57,228	54,193	367,392	220,926	51,881	(747,266)	486,024	3,417,363	870,965	4,288,328

The notes on pages 22 to 65 form part of this interim financial report.

CONDENSED CONSOLIDATED CASH FLOW STATEMENT

for the six months ended 30 September 2016 – unaudited
(Expressed in Hong Kong dollars)

	Note	Six months ended 30 September 2016 $'000	2015 $'000
Operating activities			
Cash generated from operations		**94,835**	341,481
The People's Republic of China ("PRC") income tax paid		**(30,510)**	(39,932)
Net cash generated from operating activities		**64,325**	301,549
Investing activities			
Payment for purchase of property, plant and equipment		**(44,183)**	(85,637)
Payment for purchase of available-for-sale securities		**(87,750)**	—
Proceeds from disposal of trading securities		**—**	84,473
Proceeds from investment income of available-for-sale securities		**20,383**	—
Earnest money received from a third party	16(i)	**348,867**	—
Other net cash flows generated from investing activities		**8,974**	50,431
Net cash generated from investing activities		**246,291**	49,267
Financing activities			
Repayments of interest-bearing borrowings		**(262,381)**	(75,160)
Payments of dividends to holders of non-controlling interests		**(5,036)**	(15,840)
Proceeds from issuance of Shares upon warrants conversion	20(a)(iii)	**—**	46,944
Proceeds from placing of Shares under general mandate	20(a)(iv)	**—**	140,000
Payment for acquisition of additional interest in a subsidiary	21(a)	**(50,000)**	(50,000)
Other net cash flows used in financing activities		**(69,973)**	(65,315)
Net cash used in financing activities		**(387,390)**	(19,371)
Net (decrease)/increase in cash and cash equivalents		**(76,774)**	331,445
Cash and cash equivalents at 1 April		**4,507,530**	3,959,389
Effect of foreign exchanges rates changes		**(122,561)**	(125,457)
Cash and cash equivalents at 30 September		**4,308,195**	4,165,377
Analysis of cash and cash equivalents			
Cash and cash equivalents of the Group		**654,379**	4,165,377
Reclassification to assets of disposal group classified as held for sale	22	**3,653,816**	—
		4,308,195	4,165,377

The notes on pages 22 to 65 form part of this interim financial report.

NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT

(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 ordinary shares of the Company of par value of $0.20 each (the "Shares"), comprising 60,000,000 new Shares allotted and issued by the Company and 30,000,000 Shares 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 BASIS OF PREPARATION

This interim financial report has been prepared in accordance with the applicable disclosure provisions of the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules"), including compliance with Hong Kong Accounting Standard ("HKAS") 34, Interim Financial Reporting, issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA"). It was authorised for issue on 23 November 2016.

This interim financial report has been prepared in accordance with the same accounting policies adopted in the financial statements for the year ended 31 March 2016, except for the accounting policy changes that are expected to be reflected in the financial statements for the year ending 31 March 2017. Details of any changes in accounting policies are set out in note 3.

The preparation of an interim financial report in conformity with HKAS 34 requires management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses on a year to date basis. Actual results may differ from these estimates.

This interim financial report contains condensed consolidated financial statements and selected explanatory notes. The notes include an explanation of events and transactions that are significant to an understanding of the changes in financial position and performance of the Group since 31 March 2016. The condensed consolidated interim financial statements and notes thereto do not include all of the information required for a full set of financial statements prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRSs").

NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT

(Expressed in Hong Kong dollars unless otherwise indicated)

2 BASIS OF PREPARATION (continued)

The financial information relating to the financial year ended 31 March 2016 that is included in this interim financial report as comparative information does not constitute the Company's statutory financial statements for that financial year but is derived from those financial statements. Statutory financial statements for the year ended 31 March 2016 are available from the website of the Stock Exchange. The auditors have expressed an unqualified opinion on those financial statements in their report dated 28 June 2016.

3 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. Of these, the following amendments are relevant to the Group:

– *Annual Improvements to HKFRSs 2012–2014 Cycle*

– Amendments to HKAS 1, *Presentation of financial statements: Disclosure initiative*

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.

NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT

(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 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 value added tax ("VAT") or business tax. The amount of each significant category of revenue is as follows:

	Six months ended 30 September	
	2016	2015
	$'000	$'000
		(note 22)
Continuing operations		
Sales of medical devices and medical accessories	**87,615**	116,576
Hospital management service and hospital operation income	**29,901**	28,349
Medical insurance administration service income	**1,984**	2,780
Sale of Chinese herbal medicines	**2,172**	2,822
	121,672	150,527
Discontinuing operation (note 22)		
Cord blood storage service income	**419,785**	421,979
	541,457	572,506

NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT

(Expressed in Hong Kong dollars unless otherwise indicated)

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:

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

(ii) Hospital management segment: the provision of hospital management service and hospital operation in the PRC;

(iii) Medical insurance administration segment: the provision of medical insurance administration service in the PRC;

(iv) Chinese herbal medicines segment: the research and development, manufacture and sale of Chinese herbal medicines; and

(v) 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

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

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

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

NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT

(Expressed in Hong Kong dollars unless otherwise indicated)

4 REVENUE AND SEGMENT REPORTING (continued)

(b) Segment reporting (continued)

(i) Segment results (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 periods ended 30 September 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 $'000	2015 $'000	**2016 $'000**	2015 $'000	**2016 $'000**	2015 $'000	**2016 $'000**	2015 $'000	**2016 $'000**	2015 $'000	**2016 $'000**	2015 $'000
For the six months ended 30 September												
Revenue from external customers	**69,390**	89,645	**29,901**	28,349	**1,984**	2,780	**2,172**	2,822	**419,785**	421,979	**523,232**	545,575
Inter-segment revenue	**18,225**	26,931	**—**	—	**—**	—	**—**	—	**—**	—	**18,225**	26,931
Reportable segment revenue	**87,615**	116,576	**29,901**	28,349	**1,984**	2,780	**2,172**	2,822	**419,785**	421,979	**541,457**	572,506
Reportable segment profit/(loss)	**24,988**	33,023	**(62,883)**	(69,649)	**(19,214)**	(17,357)	**(11,620)**	(12,844)	**166,462**	141,350	**97,733**	74,523

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

(ii) Reconciliations of reportable segment profit or loss

	Continuing operations		Discontinuing operation		Total	
	2016 $'000	2015 $'000	**2016 $'000**	2015 $'000	**2016 $'000**	2015 $'000
For the six months ended 30 September						
Reportable segment (loss)/profit	**(68,729)**	(66,827)	**166,462**	141,350	**97,733**	74,523
Finance costs	**(171,789)**	(28,206)	**(1,727)**	(1,816)	**(173,516)**	(30,022)
Changes in fair value of financial liabilities at fair value through profit or loss	**8,255**	(1,444)	**—**	(333,176)	**8,255**	(334,620)
Net realised and unrealised gains/(losses) on trading securities	**—**	4,393	**—**	(192)	**—**	4,201
Unallocated head office and corporate expenses	**(93,285)**	(54,187)	**—**	—	**(93,285)**	(54,187)
Consolidated (loss)/profit before taxation	**(325,548)**	(146,271)	**164,735**	(193,834)	**(160,813)**	(340,105)

NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT

(Expressed in Hong Kong dollars unless otherwise indicated)

5 OTHER INCOME

	Six months ended 30 September	
	2016	2015
	$'000	$'000
		(note 22)
Continuing operations		
Interest income from bank deposits	**3,174**	3,218
VAT refunds (i)	**1,040**	1,754
Net realised and unrealised gains on trading securities	**—**	4,393
Net exchange (loss)/gain	**(226)**	1,114
Net loss on disposal of property, plant and equipment	**(909)**	(11)
Others	**4,555**	5,596
	7,634	16,064
Discontinuing operation (note 22)		
Interest income from bank deposits	**5,568**	6,018
Interest income from trade receivables	**4,676**	5,378
Dividend income from available-for-sale securities	**—**	14,050
Net realised and unrealised losses on trading securities	**—**	(192)
Net exchange gain/(loss)	**141**	(241)
Net loss on disposal of property, plant and equipment	**(2)**	(1)
Others	**858**	(127)
	11,241	24,885
	18,875	40,949

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

NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT

(Expressed in Hong Kong dollars unless otherwise indicated)

6 LOSS BEFORE TAXATION

Loss before taxation is arrived at after charging:

	Six months ended 30 September	
	2016	2015
	$'000	$'000
		(note 22)
(a) Finance costs		
Continuing operations		
Interests on interest-bearing borrowings wholly repayable within five years	**170,835**	28,157
Finance charges on obligations under finance leases	**954**	49
	171,789	28,206
Discontinuing operation (note 22)		
Interests on interest-bearing borrowings wholly repayable within five years	**1,727**	1,816
	173,516	30,022
(b) Staff costs		
Continuing operations		
Salaries, wages and other benefits	**58,463**	60,837
Contributions to defined contribution retirement plans	**3,682**	2,395
Director's retirement benefits scheme	**33,855**	–
	96,000	63,232
Discontinuing operation		
Salaries, wages and other benefits	**62,432**	60,874
Contributions to defined contribution retirement plans	**14,125**	11,055
Equity settled share-based payment expenses	**35,976**	35,976
	112,533	107,905
	208,533	171,137

NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT

(Expressed in Hong Kong dollars unless otherwise indicated)

6 LOSS BEFORE TAXATION (continued)

	Six months ended 30 September	
	2016	2015
	$'000	$'000
		(note 22)
(c) Other items		
Continuing operations		
Depreciation of property, plant and equipment	**30,332**	27,778
Amortisation of land lease premium	**18,600**	19,104
Research and development costs (other than depreciation and amortisation costs)	**4,705**	4,672
Discontinuing operation		
Depreciation of property, plant and equipment*	**—**	28,245
Amortisation of intangible assets*	**—**	3,527
Impairment loss on available-for-sale equity securities#	**—**	10,474
Impairment loss on trade receivables	**16,272**	11,067
Research and development costs (other than depreciation and amortisation costs)	**4,284**	4,387

* During the period ended 30 September 2016, no depreciation of property, plant and equipment and amortisation of intangible assets were charged to profit from discontinuing operation after reclassification to assets of disposal group classified as held for sale on 31 March 2016.

As at 30 September 2015, 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. During the period ended 30 September 2015, impairment loss on these investments of $10,474,000 was recognised in profit or loss.

NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT

(Expressed in Hong Kong dollars unless otherwise indicated)

7 INCOME TAX

Income tax in the consolidated income statement represents:

	Six months ended 30 September	
	2016	2015
	$'000	$'000
		(note 22)
Continuing operations		
Current tax – PRC Corporate Income Tax	**4,009**	6,326
Deferred tax	**(129)**	(1,784)
	3,880	4,542
Discontinuing operation (note 22)		
Current tax – PRC Corporate Income Tax	**28,414**	34,168
Deferred tax	**840**	1,338
	29,254	35,506

NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT

(Expressed in Hong Kong dollars unless otherwise indicated)

7 INCOME TAX (continued)

The Group's subsidiaries in the PRC are subject to PRC Corporate Income Tax.

On 16 March 2007, the PRC government enacted the new Corporate Income Tax Law ("CIT Law"), which unified the income tax rate to 25% for all companies registered and incorporated in the PRC. Accordingly, except for Beijing Jingjing Medical Equipment Co., Ltd. ("Jingjing"), Beijing Jiachenhong Biological Technologies Co., Ltd. ("Beijing Jiachenhong"), Guangzhou Municipality Tianhe Nuoya Bio-engineering Co., Ltd. ("Guangzhou Nuoya") and Zhejing Lukou Biotechnology Co., Ltd. ("Zhejiang Lukou"), all other PRC subsidiaries of the Group are subject to income tax at 25% for the periods ended 30 September 2016 and 2015.

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 periods ended 30 September 2016 and 2015 were calculated based on an income tax rate of 15%.

Beijing Jiachenhong obtained its latest renewed certificate of HNTE dated 30 October 2014 with an effective period of three years ending on 31 December 2016. Therefore, income tax expense of Beijing Jiachenhong for the periods ended 30 September 2016 and 2015 were calculated based on an income tax rate of 15%.

Guangzhou Nuoya obtained its latest renewed certificate of HNTE dated 16 October 2013 with an effective period of three years ended on 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 periods ended 30 September 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 period ended 30 September 2016 was calculated based on an income tax rate of 15% (period ended 30 September 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%.

Taxation for other entities of the Group is charged at their respective appropriate income tax rates ruling in the relevant countries.

NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT

(Expressed in Hong Kong dollars unless otherwise indicated)

8 LOSS PER SHARE

(a) Basic loss per share

The calculation of basic loss per share is based on consolidated loss attributable to ordinary equity shareholders of the Company of $394,437,000 (2015: $234,049,000) and weighted average number of 2,966,140,000 (2015: 1,878,119,000) ordinary shares in issue during the period, calculated as follows:

Weighted average number of ordinary shares

	Six months ended 30 September	
	2016 Shares '000	2015 Shares '000
Issued ordinary shares at 1 April	**2,966,140**	1,797,859
Effect of issue of Shares upon warrants conversion	**—**	20,588
Effect of issue of Shares upon placing of Shares under general mandate	**—**	59,672
Weighted average number of ordinary shares	**2,966,140**	1,878,119

	Six months ended 30 September	
	2016 $'000	2015 $'000 (note 22)
Loss attributable to equity shareholders of the Company		
– from continuing operations	**(317,154)**	(138,275)
– from discontinuing operation	**(77,283)**	(95,774)
	(394,437)	(234,049)
Basic loss per share (HK cents)		
– from continuing operations	**(10.69)**	(7.36)
– from discontinuing operation	**(2.61)**	(5.10)
	(13.30)	(12.46)

NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT

(Expressed in Hong Kong dollars unless otherwise indicated)

8 LOSS PER SHARE (continued)

(b) Diluted loss per share

For the periods ended 30 September 2016 and 2015, diluted loss per share were same as the basic loss per share as the inclusion of the dilutive potential ordinary shares in respect of the share options, warrants and convertible notes in issue during the respective periods would have an anti-dilutive effect.

9 PROPERTY, PLANT AND EQUIPMENT

The movements in property, plant and equipment and interests in leasehold land held for own use under operating leases for the period/year ended 30 September 2016 and 31 March 2016 are analysed as follows:

	Property, plant and equipment $'000	Interests in leasehold land held for own use under operating leases $'000	Total $'000
As at 1 April 2016	1,315,667	1,575,849	2,891,516
Exchange adjustments	(42,103)	(22,899)	(65,002)
Additions	21,544	—	21,544
Disposals	(2,820)	—	(2,820)
Depreciation/amortisation charge for the period	(30,332)	(18,600)	(48,932)
As at 30 September 2016	**1,261,956**	**1,534,350**	**2,796,306**

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(Expressed in Hong Kong dollars unless otherwise indicated)

9 PROPERTY, PLANT AND EQUIPMENT (continued)

	Property, plant and equipment $'000	Interests in leasehold land held for own use under operating leases $'000	Total $'000
As at 1 April 2015	2,123,342	1,651,632	3,774,974
Exchange adjustments	(104,772)	(37,923)	(142,695)
Additions	105,731	—	105,731
Disposals	(134)	—	(134)
Depreciation/amortisation charge for the year	(119,264)	(37,860)	(157,124)
Reclassification to assets of disposal group classified as held for sale (note 22)	(689,236)	—	(689,236)
As at 31 March 2016	1,315,667	1,575,849	2,891,516

10 NON-CURRENT ASSETS CLASSIFIED AS HELD FOR SALE

On 22 March 2014, GM Investment Company Limited ("GM Investment"), a wholly-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 "Fortress 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 ("The PAG Agreement") entered into by PAG Asia I LP ("PAG"), a controlling shareholder of Fortress, and Sanpower.

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

Upon completion of the Fortress Disposal, the Group will not hold any interest in Fortress and Fortress will cease to be an associate of the Group. Accordingly, the Group reclassified its interest in an associate as "non-current assets classified as held for sale" and transferred exchange reserve related to the interest in an associate to "amounts recognised in other comprehensive income and accumulated in equity relating to non-current assets classified as held for sale" as at 31 March 2014.

* The English name is for identification purpose only.

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(Expressed in Hong Kong dollars unless otherwise indicated)

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

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 the 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' 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.

Based on 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"as at 31 March 2015.

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 has reached settlement agreements with relevant parties in order to maximise the recovery of its interest in Fortress.

On 3 November 2016, GM Investment, PAG and its assignee PAGAC Fortress Holding I Limited (together as "PAGAC") and Fortress entered into a conditional settlement agreement (the "PAG Settlement Agreement"). Pursuant to the PAG Settlement Agreement, Fortress authorises GM Investment to receive an unsettled sum in relation to its sale of 100% equity interest in Funtalk to Sanpower of not less than approximately US$250,000,000 (equivalent to approximately $1,950,000,000) from Sanpower (the "Fortress Unsettled Sum"). Accordingly, GM Investment agrees to pay a settlement sum of US$180,000,000 (equivalent to approximately $1,404,000,000) to PAGAC by instalments within 18 months. PAG will release and waive all of its claims against GM Investment upon receipt of the settlement sum. The PAG Settlement Agreement is subject to the approval of the shareholders of the Company.

On 14 November 2016, GM Investment and Sanpower entered into a conditional settlement agreement (the "Sanpower Settlement Agreement") for the Fortress Unsettled Sum. Pursuant to the Sanpower Settlement Agreement, Sanpower agrees to pay a settlement sum of US$300,000,000 (equivalent to approximately $2,340,000,000) to GM Investment by instalments within 36 months as a full and final settlement for the Fortress Unsettled Sum. The first three instalments will be paid in cash, while the remaining two instalments can either be settled by cash or in kind by Sanpower's investment in securities listed on the Shanghai Stock Exchange, at sole discretion of GM Investment. Upon receipt of the settlement sum, GM Investment will release and waive all of its claims against Sanpower, including the claims regarding the Fortress Unsettled Sum and the Fortress SPA. The Sanpower Settlement Agreement is subject to shareholders of the Company.

Further details of the PAG Settlement Agreement and Sanpower Settlement Agreement are set out in the Company's announcements dated 3 November 2016 and 14 November 2016, respectively.

NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT

(Expressed in Hong Kong dollars unless otherwise indicated)

11 NON-CURRENT TRADE AND OTHER RECEIVABLES

	At 30 September 2016 $'000	At 31 March 2016 $'000
Trade receivables (note13)	**175,323**	198,402
Investment deposit (i)	**262,544**	262,544
Prepayments and deposits	**9,196**	25
Reclassification to assets of disposal group classified as held for sale (note 22)	**(447,063)**	(460,971)
	—	—

(i) Investment deposit as at 30 September 2016 and 31 March 2016 represented refundable earnest money for a potential healthcare investment.

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

	At 30 September 2016 $'000	At 31 March 2016 $'000
Fiscal year ending 31 March		
2018	**20,121**	42,310
2019	**38,084**	38,913
2020	**34,130**	34,705
2021	**31,045**	31,589
2022 and thereafter	**173,610**	182,969
Less: Unearned interest income	**(44,936)**	(56,777)
Allowance for doubtful debts	**(76,731)**	(75,307)
Reclassification to assets of disposal group classified as held for sale	**(175,323)**	(198,402)
	—	—

NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT

(Expressed in Hong Kong dollars unless otherwise indicated)

12 INVENTORIES

Inventories in the consolidated statement of financial position comprise:

	At 30 September 2016 $'000	At 31 March 2016 $'000
Non-current		
Capitalised processing costs of donated umbilical cord blood units (i)	**77,096**	76,681
Reclassification to assets of disposal group classified as held for sale (note 22)	**(77,096)**	(76,681)
	—	—
Current		
Raw materials	**25,702**	28,397
Work in progress	**10,287**	7,181
Finished goods	**7,140**	6,072
	43,129	41,650
Reclassification to assets of disposal group classified as held for sale (note 22)	**(22,322)**	(24,362)
	20,807	17,288

(i) The Group collects, tests, freezes and stores donated umbilical cord blood for future transplantation or research purposes in return for a fee. Collection, testing and processing costs attributable to the processing of donated umbilical cord blood 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.

NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT

(Expressed in Hong Kong dollars unless otherwise indicated)

13 TRADE AND OTHER RECEIVABLES

	At 30 September 2016			At 31 March 2016		
	Continuing operations $'000	Discontinuing operation $'000	Total $'000	Continuing operations $'000	Discontinuing operation $'000	Total $'000
Trade receivables	42,189	439,328	481,517	26,720	469,580	496,300
Less: Allowance for doubtful debts	(2,846)	(126,204)	(129,050)	(3,056)	(121,311)	(124,367)
	39,343	313,124	352,467	23,664	348,269	371,933
Representing:						
Non-current (note 11)	—	175,323	175,323	—	198,402	198,402
Current	39,343	137,801	177,144	23,664	149,867	173,531
Prepayments and deposits	9,994	433	10,427	7,246	493	7,739
Other receivables	237,941	17,853	255,794	91,337	25,829	117,166
Total current trade and other receivables	287,278	156,087	443,365	122,247	176,189	298,436

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

NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT

(Expressed in Hong Kong dollars unless otherwise indicated)

13 TRADE AND OTHER RECEIVABLES (continued)

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

	At 30 September 2016			At 31 March 2016		
	Continuing operations $'000	**Discontinuing operation $'000**	**Total $'000**	Continuing operations $'000	Discontinuing operation $'000	Total $'000
Neither past due nor impaired	**1,209**	**223,154**	**224,363**	20,610	252,344	272,954
Past due (net of allowance for doubtful debts)						
Within six months	**36,464**	**29,491**	**65,955**	1,655	33,548	35,203
Between seven and twelve months	**1,474**	**20,148**	**21,622**	1,224	19,843	21,067
Over one year	**196**	**40,331**	**40,527**	175	42,534	42,709
	38,134	**89,970**	**128,104**	3,054	95,925	98,979
	39,343	**313,124**	**352,467**	23,664	348,269	371,933

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

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

NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT

(Expressed in Hong Kong dollars unless otherwise indicated)

14 TIME DEPOSITS

	At 30 September 2016 $'000	At 31 March 2016 $'000
Deposits with original maturities over three months	**63,946**	66,130
Pledged bank deposits (i)	**17,655**	17,699
	81,601	83,829

(i) The balance represents bank deposits of $17,655,000 (31 March 2016: $17,699,000) which was pledged for interest-bearing borrowings as at 30 September 2016 and 31 March 2016 (note 17(a)).

15 CASH AND CASH EQUIVALENTS

Cash and cash equivalents comprise:

	At 30 September 2016 $'000	At 31 March 2016 $'000
Cash and cash equivalents in the consolidated statement of financial position and cash flow statement	**4,308,195**	4,507,530
Reclassification to assets of disposal group classified as held for sale (note 22)	**(3,653,816)**	(3,617,197)
	654,379	890,333

NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT

(Expressed in Hong Kong dollars unless otherwise indicated)

16 TRADE AND OTHER PAYABLES

	At 30 September 2016			At 31 March 2016		
	Continuing operations	Discontinuing operation (note 22)	Total	Continuing operations	Discontinuing operation (note 22)	Total
	$'000	$'000	$'000	$'000	$'000	$'000
Non-current						
Other payables and accrued expenses	—	323,258	323,258	—	307,721	307,721
	—	323,258	323,258	—	307,721	307,721
Current						
Trade payables	74,917	13,404	88,321	98,563	15,928	114,491
Construction payables	22,724	—	22,724	25,445	—	25,445
Other payables and accrued expenses	204,530	54,157	258,687	179,162	72,458	251,620
Consideration payables (note 21(a))	—	—	—	50,000	—	50,000
Dividends payable to ordinary shareholders	—	—	—	9	—	9
Earnest money (i)	348,867	—	348,867	—	—	—
	651,038	67,561	718,599	353,179	88,386	441,565
	651,038	390,819	1,041,857	353,179	396,107	749,286

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

(i) On 1 September 2016, the Company entered into an earnest money agreement (the "Earnest Money Agreement") with Sanpower, the substantial shareholder of Nanjing Xinjiekou Department Store Co., Ltd.* (南京新街口百貨商店股份有限公司) ("Nanjing Xinbai"). Pursuant to the Earnest Money Agreement, Sanpower agreed to pay to the Company an earnest money of RMB300,000,000 in cash (equivalent to approximately $348,867,000) to facilitate the sale and purchase of the ordinary shares of China Cord Blood Corporation ("CCBC") held by the Group (as discussed in note 21(c)(i)).

* The English name is for identification purpose only.

NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT

(Expressed in Hong Kong dollars unless otherwise indicated)

16 TRADE AND OTHER PAYABLES (continued)

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

	At 30 September 2016 $'000	At 31 March 2016 $'000
Due within three months or on demand	88,321	114,491
Reclassification to liabilities of disposal group classified as held for sale	(13,404)	(15,928)
	74,917	98,563

17 INTEREST-BEARING BORROWINGS

As at 30 September 2016 and 31 March 2016, the interest-bearing borrowings were repayable as follows:

	At 30 September 2016 $'000	At 31 March 2016 $'000
Within one year or on demand	582,250	852,860
Non-current portion of promissory notes repayable within one year	2,025,381	1,916,818
Reclassification to liabilities of disposal group classified as held for sale (note 22)	—	(72,141)
	2,607,631	2,697,537

NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT

(Expressed in Hong Kong dollars unless otherwise indicated)

17 INTEREST-BEARING BORROWINGS (continued)

At 30 September 2016 and 31 March 2016, the interest-bearing borrowings were secured as follows:

	Note	**At 30 September 2016 $'000**	At 31 March 2016 $'000
Bank loans	(a)		
– secured		**494,828**	192,377
– unsecured		**—**	566,150
		494,828	758,527
Reclassification to liabilities of disposal group classified as held for sale (note 22)		**—**	(72,141)
		494,828	686,386
Secured promissory notes	(b)	**2,112,803**	2,011,151
		2,607,631	2,697,537

(a) Bank Loans

As at 30 September 2016, the bank loans of certain subsidiaries under certain bank facilities of $116,265,000 (31 March 2016: $192,377,000) of which $nil (31 March 2016: $72,141,000) has been reclassified to liabilities of disposal group classified as held for sale, were secured by interests in leasehold land and buildings with an aggregate carrying amount of $67,264,000 (31 March 2016: $195,318,000).

As at 30 September 2016, the bank loans of the Company of $378,563,000 (31 March 2016: $566,150,000) (the "Guaranteed Bank Loans") were guaranteed by five of its subsidiaries, namely China Bright Group Co. Limited ("China Bright"), GM Hospital Group Limited ("GMHG"), GM Hospital Investment Ventures Company Limited, GM Hospital Management Company Limited and Golden Meditech Stem Cells (BVI) Company Limited ("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 30 September 2016, bank deposits of $17,655,000 (31 March 2016: $17,699,000) were deposited in the interest reserve accounts as disclosed in note 14.

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(Expressed in Hong Kong dollars unless otherwise indicated)

17 INTEREST-BEARING BORROWINGS (continued)

(a) Bank Loans (continued)

Bank loans of the Group totaling of $494,828,000 (31 March 2016: $686,386,000) 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 approximately $192,143,000 and approximately $191,851,000 in March and May 2016 respectively.

On 31 August 2016, the Company entered into an amendment and waiver deed with relevant banks (the "Waiver Deed"), which was subject to (i) personal guarantee provided by Mr. Kam Yuen ("Mr. Kam"); and (ii) equity pledge of the Company's equity interests in three subsidiaries, namely, Golden Meditech Herbal Treatment (BVI) Company Limited, Qi Jie Yuan Medicine Holding (HK) Limited and Shanghai Baishuihang Pharmaceutical Co., Ltd. ("Baisuihang"). Pursuant to the Waiver Deed, certain terms and covenants were revised, the outstanding loan balance would be repayable at final maturity date in April 2017.

(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.

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(Expressed in Hong Kong dollars unless otherwise indicated)

17 INTEREST-BEARING BORROWINGS (continued)

(b) Secured promissory notes (continued)

The Promissory Notes are secured by 38,352,612 ordinary shares 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 were initially recognised at fair value less transaction costs. Subsequent to initial recognition, the Promissory Notes are 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 30 September 2016 and 31 March 2016.

The movements of the Promissory Notes is as follows:

	At 30 September 2016 $'000	At 31 March 2016 $'000
At beginning of the period/year	**2,011,151**	—
Issuance of the Promissory Notes, net of transaction costs	**—**	1,925,087
Interest charged	**150,402**	86,064
Interest paid	**(48,750)**	—
At end of the period/year	**2,112,803**	2,011,151
Representing:		
Current portion of the Promissory Notes	**87,422**	94,333
Non-current portion of the Promissory Notes repayable within one year	**2,025,381**	1,916,818
	2,112,803	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.

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18 OBLIGATIONS UNDER FINANCE LEASES

At 30 September 2016 and 31 March 2016, the Group had obligations under finance leases repayable as follows:

	At 30 September 2016		At 31 March 2016	
	Present value of the minimum lease payments $'000	**Total minimum lease payments $'000**	Present value of the minimum lease payments $'000	Total minimum lease payments $'000
Within one year	**3,504**	**3,676**	3,789	3,848
After one year but within two years	**3,146**	**3,534**	3,412	3,702
After two years but within five years	**6,856**	**9,112**	7,670	9,729
After five years	**10,016**	**20,346**	11,889	24,048
	20,018	**32,992**	22,971	37,479
	23,522	**36,668**	26,760	41,327
Less: Total future interest expenses		**(13,146)**		(14,567)
Present value of lease obligations		**23,522**		26,760

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(Expressed in Hong Kong dollars unless otherwise indicated)

19 FINANCIAL LIABILITIES AT FAIR VALUE THROUGH PROFIT OR LOSS

	At 30 September 2016 $'000	At 31 March 2016 $'000
Convertible notes issued by the Company	**142,404**	155,339

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

	At 30 September 2016 $'000	At 31 March 2016 $'000
At beginning of the period/year	**155,339**	1,835,268
Deemed redemption of convertible notes issued by a subsidiary (note 19(b))	**—**	(2,225,785)
Interest paid on convertible notes	**(4,680)**	(68,564)
Changes in fair value of financial liabilities at fair value through profit or loss		
— continuing operations	**(8,255)**	17,250
— discontinuing operation	**—**	597,170
At end of the period/year	**142,404**	155,339

As at 30 September 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 (31 March 2016: $37,143,000) has been deferred and has not yet been recognised in changes in fair value of financial liabilities at fair value through profit or loss.

NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT

(Expressed in Hong Kong dollars unless otherwise indicated)

19 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 and wholly-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 (the "Guarantors"), 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 Shares 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 and 26 October 2015, following the completion of placing of Shares (note 20(a)(iv)) and open offer (note 20(a)(v)), the conversion price was adjusted to $1.372 per Share and $1.33 per Share respectively.

On 27 October 2016, the Company, Gem Power and the Guarantors entered into the deed of variation, pursuant to which the Company and Gem Power have agreed to vary certain terms and conditions of the original subscription agreement and the convertible notes, including the reduction of the conversion price to $1.10 per Share.

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 30 September 2016 and 31 March 2016, 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 30 September 2016, the convertible notes with a principal amount of US$20,000,000 (equivalent to approximately $156,000,000) remained outstanding.

Further details of the convertible notes, conversion price adjustments 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, 23 October 2015 and 27 October 2016.

19 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 30 September 2016 and 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").

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(Expressed in Hong Kong dollars unless otherwise indicated)

19 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)

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.

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 17(b)) as at 30 September 2016 and 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 "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 25.

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.

NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT

(Expressed in Hong Kong dollars unless otherwise indicated)

19 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

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 Cordlife Group Limited ("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.

Magnum CN and CGL CN was subsequently transferred to GMSC and charged to Blue Ocean in relation to the Promissory Notes (note 17(b)) as at 30 September 2016 and 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 25.

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.

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20 CAPITAL AND DIVIDENDS

(a) Share capital

	Note	At 30 September 2016 Number of Shares '000	At 30 September 2016 Amount $'000	At 31 March 2016 Number of Shares '000	At 31 March 2016 Amount $'000
Authorised:					
Shares	(i)	**5,000,000**	**1,000,000**	5,000,000	1,000,000
Issued and fully paid:					
At beginning of the period/ year		**2,966,140**	**593,228**	1,797,859	359,572
Shares issued in lieu of cash dividends	(ii)	—	—	9,052	1,810
Shares issued upon warrants conversion	(iii)	—	—	33,533	6,707
Placing of Shares under general mandate	(iv)	—	—	140,000	28,000
Shares issued upon open offer	(v)	—	—	985,696	197,139
At end of the period/year		**2,966,140**	**593,228**	2,966,140	593,228

The holders of 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 Shares rank equally with regard to the Company's residual assets.

(i) Authorised share capital

Effective from 1 August 2015, the authorised share capital of the Company has been increased to $1,000,000,000, divided into 5,000,000,000 Shares.

(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, 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.

NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT

(Expressed in Hong Kong dollars unless otherwise indicated)

20 CAPITAL AND DIVIDENDS (continued)

(a) Share capital (continued)

(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 were tradable in board lots of 1,000 Warrants each, the stock code was 00481. All unexercised Warrants were lapsed upon expiry on 30 July 2015.

During the year ended 31 March 2016, 33,532,212 shares were issued to Warrants holders. Accordingly, $6,707,000 was credited to share capital and $40,237,000 was credited to share premium.

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.

(iv) 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 $112,000,000 was credited to share premium.

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

(v) 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.

(b) Dividends and distributability of reserves

The directors do not recommend the payment of a dividend in respect of the period ended 30 September 2016 (period ended 30 September 2015: $nil).

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(Expressed in Hong Kong dollars unless otherwise indicated)

21 ACQUISITIONS AND PROPOSED DISPOSALS

(a) Acquisition of additional interest in Beijing Guohua Jiedi Hospital Management Company Limited ("Beijiing Guohua Jiedi")

On 18 July 2014, GM Hospital Management (China) Company Limited ("GMHM (China)"), a 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 30 September 2016 and 31 March 2016, GMHM(China) held the entire equity interest in Beijing Guohua Jiedi, which owned 82.73% equity interest in Beijing Qinghe Hospital Company Limited. The transaction was accounted for as transaction within the shareholders of Beijing Guohua Jiedi in their capacity as equity holders. 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 by GMHM (China) on or before 26 May 2015 and 26 May 2016, respectively. In May 2015 and April 2016, consideration of $50,000,000 and $50,000,000 were paid according to the payment term. As at 30 September 2016, total consideration has been settled.

(b) 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 CCBC Shares") 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 CCBC Shares") at a cash consideration of approximately US$2,287,000 (equivalent to approximately $17,839,000) (the "KAM CCBC Shares Acquisition").

NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT

(Expressed in Hong Kong dollars unless otherwise indicated)

21 ACQUISITIONS AND PROPOSED DISPOSALS

(b) Acquisition of additional interest in CCBC (continued)

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 25.

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

(c) 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 Xinbai (the "Agreement A"), pursuant to which, GMSC conditionally agreed to sell, and Nanjing Xinbai conditionally agreed to acquire, approximately 65.4% ordinary shares of CCBC (the "Target 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 Xinbai by way of: (i) issue of the RMB-denominated new ordinary shares with a par value of RMB1.00 each of Nanjing Xinbai to be listed on the PRC domestic market at the issue price of RMB18.61 each, subject to adjustments (the "Consideration Shares"); 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 Xinbai on a fully diluted basis (assuming that there is no other changes to the issued share capital of Nanjing Xinbai after 31 March 2016), will be issued to GMSC under the Agreement A.

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(Expressed in Hong Kong dollars unless otherwise indicated)

21 ACQUISITIONS AND PROPOSED DISPOSALS (continued)

(c) Proposed disposals (continued)

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

Pursuant to the Agreement A, except as disclosed to or waived by Nanjing Xinbai, 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 of CCBC and/or restructuring in relation to the privatisation of CCBC).

GMSC and Nanjing Xinbai 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 Xinbai or by cash at the discretion of GMSC.

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

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

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 Xinbai 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 Xinbai to be settled by the shares of Nanjing Xinbai or by cash at the discretion of GMSC.

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(Expressed in Hong Kong dollars unless otherwise indicated)

21 ACQUISITIONS AND PROPOSED DISPOSALS (continued)

(c) Proposed disposals (continued)

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

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

Additional payment amount	=	The period-end impairment amount of the CCBC shares	–	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. Further details of the Agreement A and the Profit Compensation Agreement 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.

On 29 August 2016, Nanjing Xinbai announced that after consideration of the uncertainty in regulatory policy regarding significant asset restructuring of listed companies in the PRC, the application for the China Securities Regulatory Commission's approval of its acquisition of the Target CCBC Shares was withdrawn.

To continue facilitating the proposed disposal of Target CCBC Shares, on 1 September 2016, the Company entered into the Earnest Money Agreement with Sanpower. Pursuant to the Earnest Money Agreement, Sanpower has paid to the Company earnest money of RMB300,000,000 in cash (equivalent to approximately $348,867,000) during the period ended 30 September 2016 (note 16). The earnest money paid to the Company by Sanpower will be fully refunded upon completion of the proposed disposal of Target CCBC Shares. Further details of the Earnest Money Agreement are set out in the Company's announcement dated 1 September 2016.

The Company will use best reasonsable endeavours to seek alternative arrangements with Nanjing Xinbai, including but not limited to the establishment of a fund by Sanpower, or its associated companies, for the acquisition of the Target CCBC Shares.

(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 Xinbai (the "Agreement B"), pursuant to which, GMSC conditionally agreed to sell, and Nanjing Xinbai 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 of CCBC is completed. The Consideration B shall be settled by Nanjing Xinbai in cash.

At the extraordinary general meeting of the Company held on 15 June 2016, shareholders of the Company approved the Agreement B. Further details of the Agreement B 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.

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

* The English name is for identification purpose only.

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22 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 30 September 2016 and 31 March 2016, the Group has reclassified the assets and liabilities of CCBC to disposal group classified as held for sale in accordance with the accounting policy.

Assets of disposal group classified as held for sale are as follows:

	Note	**At 30 September 2016 $'000**	At 31 March 2016 $'000
Property, plant and equipment		**678,224**	689,236
Intangible assets		**142,004**	146,853
Goodwill		**66,663**	66,663
Available-for-sale securities		**480,617**	422,654
Inventories	12	**99,418**	101,043
Trade and other receivables	11&13	**603,150**	637,160
Cash and cash equivalents	15	**3,653,816**	3,617,197
Deferred tax assets		**4,390**	5,398
		5,728,282	5,686,204

Liabilities of disposal group classified as held for sale are as follows:

	Note	**At 30 September 2016 $'000**	At 31 March 2016 $'000
Trade and other payables	16	**390,819**	396,107
Interest-bearing borrowings	17	**—**	72,141
Income tax payables		**11,803**	10,249
Deferred income		**2,006,890**	1,898,806
		2,409,512	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 period ended 30 September 2015 has been re-presented to conform with current period presentation in accordance with the accounting policy.

22 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	Six months ended 30 September	
		2016	2015
		$'000	$'000
Revenue	4	**419,785**	421,979
Cost of sales*#		**(69,833)**	(92,721)
Gross profit		**349,952**	329,258
Other income	5	**11,241**	24,885
Selling expense*		**(89,695)**	(92,877)
Administrative expenses*#		**(105,036)**	(109,634)
Impairment loss on available-for-sale equity securities	6(c)	**—**	(10,474)
Profit from operations		**166,462**	141,158
Finance costs	6(a)	**(1,727)**	(1,816)
Changes in fair value of financial liabilities at fair value through profit or loss#		**—**	(333,176)
Profit/(loss) before taxation	6	**164,735**	(193,834)
Income tax expense	7	**(29,254)**	(35,506)
Profit/(loss) for the period from discontinuing operation*		**135,481**	(229,340)

* During the period ended 30 September 2016, no depreciation of property, plant and equipment and amortisation of intangible assets were charged to profit from discontinuing operation after reclassification to assets of disposal group classified as held for sale on 31 March 2016.

\# During the period ended 30 September 2016, changes in fair value of financial liabilities at fair value through profit or loss include consolidated adjustments amounting to $310,388,000.

During the period ended 30 September 2015, cost of sales and administrative expenses include consolidated adjustments amounting to $451,000 and $451,000, respectively.

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22 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:

	Six months ended 30 September	
	2016	2015
	$'000	$'000
Net cash generated from operating activities	**381,582**	387,164
Net cash (used in)/generated from investing activities	**(93,739)**	8,131
Net cash used in financing activities	**(135,047)**	(112,466)
Net cash generated from discontinuing operation	**152,796**	282,829

23 FAIR VALUES OF FINANCIALS INSTRUMENTS

(a) Fair value hierarchy

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

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

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

– Level 3 valuations: Fair values measured using significant unobservable inputs

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23 FAIR VALUES OF FINANCIALS INSTRUMENTS

(a) Fair value hierarchy

	Fair value at 30 September 2016 $'000	**Fair value measurements at 30 September 2016 categorised into**		
		Level 1 $'000	**Level 2 $'000**	**Level 3 $'000**
Assets				
Available-for-sale securities	19,350	349	—	19,001
Liabilities				
Financial liabilities at fair value through profit or loss – Convertible notes	142,404	—	—	142,404

	Fair value at 31 March 2016 $'000	Fair value measurements at 31 March 2016 categorised into		
		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

During the period/year ended 30 September 2016 and 31 March 2016, 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.

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23 FAIR VALUES OF FINANCIALS INSTRUMENTS

(b) 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:

	30 September 2016 Issued by the Company	31 March 2016 Issued by the Company
Share price	**$0.99**	$1.06
Expected volatility	**41.63%**	55.81%
Expected dividends	**1.60%**	2.28%
Risk-free interest rate	**0.61%**	0.69%

The movements during the period/year in major balances of these Level 3 fair value measurements are disclosed in note 19.

(c) 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 30 September 2016 and 31 March 2016 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 $100,556,000 (31 March 2016: $75,627,000) 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 period/year.

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24 COMMITMENTS

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

	At 30 September 2016 $'000	At 31 March 2016 $'000
Contracted for	**1,744**	3,951

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

	At 30 September 2016 $'000	At 31 March 2016 $'000
Within 1 year	**14,334**	14,304
After 1 year but within 5 years	**15,629**	20,622
	29,963	34,926

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.

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25 CONTINGENT LIABILITIES

As disclosed in notes 19(b) and 21(b), the Group completed acquisitions of the KKR CN, the Magnum CN, the CGL CN, the CGL CCBC Shares and the KAM CCBC Shares 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 conversion of the KKR CN, the Magnum CN and the CGL CN in full

Additional payment of the CGL CCBC Shares and the KAM CCBC Shares =

(Final Acquisition Price – US$6.40) x total number of CGL CCBC Shares and the KAM CCBC Shares

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

As at date of this report, the proposals in connection with the privatisation of CCBC (including the Final Acquisition Price) were still being reviewed and evaluated by the special committee of CCBC. Probability of occurrence of the additional payments depends on the definitive and binding agreement in respect of the privatisation of CCBC and cannot be quantified by the Group reliably at current stage. Announcement(s) will be made upon any material development.

26 NON-ADJUSTING EVENTS DURING 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 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.

Further details are set out in the Company's announcement dated 8 April 2016.

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(Expressed in Hong Kong dollars unless otherwise indicated)

27 NON-ADJUSTING EVENTS AFTER THE REPORTING PERIOD

(a) On 27 October 2016, the Company, Gem Power and the Guarantors entered into the deed of variation, pursuant to which the Company and Gem Power have agreed to vary certain terms and conditions of the original subscription agreement and the convertible notes, including the reduction of the conversion price to $1.10 per Share. Further details of the amendments of terms and conditions to the convertible notes are set out in the Company's announcements dated 27 October 2016.

(b) On 3 November 2016, GM Investment, PAGAC and Fortress entered into the PAG Settlement Agreement, pursuant to which, Fortress authorises GM Investment to receive an unsettled sum in relation to its sale of 100% equity interest in Funtalk to Sanpower of not less than US$250,000,000 (equivalent to approximately $1,950,000,000) from Sanpower. Accordingly, GM Investment agrees to pay a settlement sum of US$180,000,000 (equivalent to approximately $1,404,000,000) to PAGAC by instalments within 18 months. PAG will release and waive all of its claims against GM Investment upon receipt of the settlement sum. The PAG Settlement Agreement is subject to the approval of the shareholders of the Company. Further details of the PAG Settlement Agreement are set out in the Company's announcement dated 3 November 2016.

(c) On 14 November 2016, GM Investment and Sanpower entered into the Sanpower Settlement Agreement for the Fortress Unsettled Sum, pursuant to which, Sanpower agrees to pay a settlement sum of US$300,000,000 (equivalent to approximately $2,340,000,000) to GM Investment by instalments within three years as full and final settlement for the Fortress Unsettled Sum. The first three instalments shall be paid in cash, while the remaining two instalments shall either be settled by cash or in kind by Sanpower's investment in securities listed on the Shanghai Stock Exchange, at sole direction of GM Investment. Upon receipt of the settlement sum, GM Investment will release and waive all of its claims against Sanpower, including the claims regarding the Fortress Unsettled Sum and the Fortress SPA. The Sanpower Settlement Agreement is subject to the approval of the shareholders of the Company. Further details of the Sanpower Settlement Agreement are set out in the Company's announcement dated 14 November 2016.

DISCLOSURE OF INTERESTS

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

As at 30 September 2016, the interests and short positions of the directors (the "Directors") and chief executives of Golden Meditech Holdings Limited (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 (i) were notified to the Company and The Stock Exchange of Hong Kong Limited (the "Stock Exchange") pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they have taken or deemed to have under such provisions of the SFO); or (ii) were required to be entered in the register maintained by the Company pursuant to section 352 of the SFO; or (iii) were required to be notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") of the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules") were as follows:

(a) The Company

		Long positions Number of ordinary shares of HK$0.20 each (the "Shares")			
Name of Directors	**Capacity and nature of interests**	**Number of Shares**	**Number of underlying Shares held under equity derivatives**	**Total interests**	**Approximate percentage of the Company's issued share capital**
Mr. KAM Yuen	Founder of trusts	1,118,269,526 [(1)]	—	1,118,269,526	37.70%
("Mr. Kam")	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") beneficially owned as at 30 September 2016 ("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 the share options granted by the Company to the Directors as beneficial owners, details of which are set out in the section headed "Share option schemes" below.

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

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

	Number of ordinary shares of US$0.0001 each			
Name of Directors	**Capacity and nature of interests**	**Number of shares/underlying shares of US$0.0001 each**	**Total interests**	**Approximate percentage of the issued 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 30 September 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 were required (i) to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they have taken or deemed to have under such provisions of the SFO); or (ii) to be entered in the register maintained by the Company pursuant to section 352 of the SFO; or (iii) to be notified to the Company and the Stock Exchange pursuant to the Model Code.

DISCLOSURE OF INTERESTS

SHARE OPTION SCHEMES

The principal terms of the share option schemes of the Company (which have all been terminated) are summarised in note 33(a) to the financial statements as included in the annual report of the Company for the year ended 31 March 2016. 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 2016[2]	Number of underlying Shares in respect of which share options were exercised during the six months ended 30 September 2016	Number of underlying Shares in respect of which share options were outstanding as at 30 September 2016[2]	Exercise price HK$[2]
Mr. Kam	27 April 2009[1]	2,197,530	—	2,197,530	1.989
Mr. KONG Kam Yu	27 April 2009[1]	3,874,592	—	3,874,592	1.989
Ms. ZHENG Ting	27 April 2009[1]	3,238,464	—	3,238,464	1.989
Full-time employees (other than Directors)	27 April 2009[1]	16,905,372	—	16,905,372	1.989
		26,215,958	—	26,215,958	

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

SHARE OPTION SCHEMES (continued)

Notes:

(1) The share options are exercisable as to:

   (i) up to 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) The exercise price of the outstanding share options and the number of Shares that can be subscribed for upon exercise of the outstanding share options had been adjusted after completion of the open offer in October 2015.

Save as disclosed above, no share options granted under the share option schemes of the Company were exercised, cancelled or lapsed during the six months ended 30 September 2016.

DIRECTORS' RIGHTS TO ACQUIRE SHARES OR DEBENTURES

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

DISCLOSURE OF INTERESTS

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

As at 30 September 2016, the interests and short positions of the shareholders (not being Directors or the chief executives of the Company) in the Shares and underlying Shares of the Company which were notified to the Company and the Stock Exchange pursuant to Divisions 2 and 3 of Part XV of the SFO and required to be entered in the register maintained by the Company pursuant to section 336 of the SFO were as follows:

(a) Long positions of substantial shareholders

Name	Capacity and nature of interest	No. of 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 Investment Management (Hong Kong) Limited ("Atlantis")[5]	Beneficial owner	297,001,627	10.01%

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

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

Name of other persons who have more than 5% interests	Capacity and nature of interest	No. of 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 Ltd. ("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%

DISCLOSURE OF INTERESTS

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

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

Notes:

(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 represented the same block of Shares.

(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 30 September 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.

CORPORATE GOVERNANCE AND OTHER INFORMATION

REPORT ON CORPORATE GOVERNANCE

Throughout the six months ended 30 September 2016, the Company has complied with the code provisions of the Corporate Governance Code ("CG Code") as set out in Appendix 14 of the Listing Rules, except for code provision A.2.1. The following summarises the requirements under the relevant code provision and the Company's reasons for such deviation:

Code Provision A.2.1

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

Mr. Kam is the chairman and chief executive of the Company responsible for managing the board of Directors of the Company (the "Board") and the businesses of the Company and its subsidiaries (collectively referred to as the "Group"). The Board considers that this structure will not impair the balance of power and authority in view of the current composition of the Board, which comprises, inter alia, four independent non-executive Directors who bring strong independent judgment, knowledge and experience to the Board's deliberations. The Board believes that this structure is conducive to strong and consistent leadership for the Group, enabling it to make and implement decisions promptly and efficiently.

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

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

During the six months ended 30 September 2016, neither the Company nor any of its subsidiaries purchased, redeemed or sold any of the Company's listed securities.

SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code as its own code of conduct regarding Directors' securities transactions. Having made specific enquiries of all Directors, all Directors confirmed that they have complied with, or they were not aware of any non-compliance with the required standards of dealings during the six months ended 30 September 2016.

COMPETITION AND CONFLICT OF INTERESTS

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

CORPORATE GOVERNANCE AND OTHER INFORMATION

AUDIT COMMITTEE

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

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

The audit committee, together with the management team of the Company, has reviewed the accounting principles and practices adopted by the Group and discussed accounting issues, internal control and financial reporting matters with the Directors, including a review of the unaudited interim report for the six months ended 30 September 2016.

By order of the Board
KAM Yuen
Chairman

HONG KONG, 23 November 2016

CORPORATE INFORMATION

EXECUTIVE DIRECTORS

Mr. KAM Yuen *(Chairman)*
Mr. KONG Kam Yu
Mr. YU Kwok Kuen, Harry (resigned on 30 June 2016)

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

REGISTERED OFFICE

Estera Trust (Cayman) Limited
P.O. Box 1350
Clifton House
75 Fort Street
Grand Cayman KY1-1108
Cayman Islands

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Beijing Economic Technological Development Area
Beijing, 100176 China

PRINCIPAL PLACE OF BUSINESS IN HONG KONG

48/F, Bank of China Tower
1 Garden Road
Central
Hong Kong

PLACE OF LISTING AND STOCK CODE

The Stock Exchange of Hong Kong Limited
Stock Code: 801

Taiwan Stock Exchange Corporation
Taiwan depositary receipts code: 910801

QUALIFIED ACCOUNTANT AND COMPANY SECRETARY

Mr. KONG Kam Yu, ACA, AHKSA

COMPLIANCE OFFICER

Mr. KAM Yuen

AUDIT COMMITTEE MEMBERS

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

REMUNERATION COMMITTEE MEMBERS

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

NOMINATION COMMITTEE MEMBERS

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

AUTHORISED REPRESENTATIVES

Mr. KAM Yuen
Ms. ZHENG Ting

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 OFFICER

Ms. Joanna Rui, Investor Relations Manager
Email: ir@goldenmeditech.com

WEBSITE

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