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## **GOLDEN MEDITECH HOLDINGS LIMITED**

**金衛醫療集團有限公司**

*(Incorporated in the Cayman Islands with limited liability)*

**(Stock Code: 00801)**

### **INTERIM RESULTS FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2017**

The board of directors (the “**Board**”) of Golden Meditech Holdings Limited (the “**Company**”) is pleased to announce the consolidated interim results of the Company and its subsidiaries for the six months ended 30 September 2017. This announcement, containing the full text of the 2017/2018 Interim Report of the Company, is prepared with reference to the relevant requirements of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited in relation to announcements of interim results. Printed version of the Company’s 2017/2018 Interim Report is also available for viewing on the websites of Hong Kong Exchanges and Clearing Limited at <http://www.hkex.com.hk> and of the Company at <http://www.goldenmeditech.com>.

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

Hong Kong, 30 November 2017

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



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

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

## 2017/18 Interim Report



Sunbow  圣宝妇产医院

# ENHANCING SHAREHOLDERS' VALUE



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# CORPORATE PROFILE

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

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

## THE HEALTHCARE SERVICES SEGMENT

Focusing on hospital management and related services, the Group currently owns three 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 general hospital with various faculties, specialised in hematology treatments. Beijing Sunbow Obstetrics & Gynecology Hospital provides 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 (to be disposed) 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.

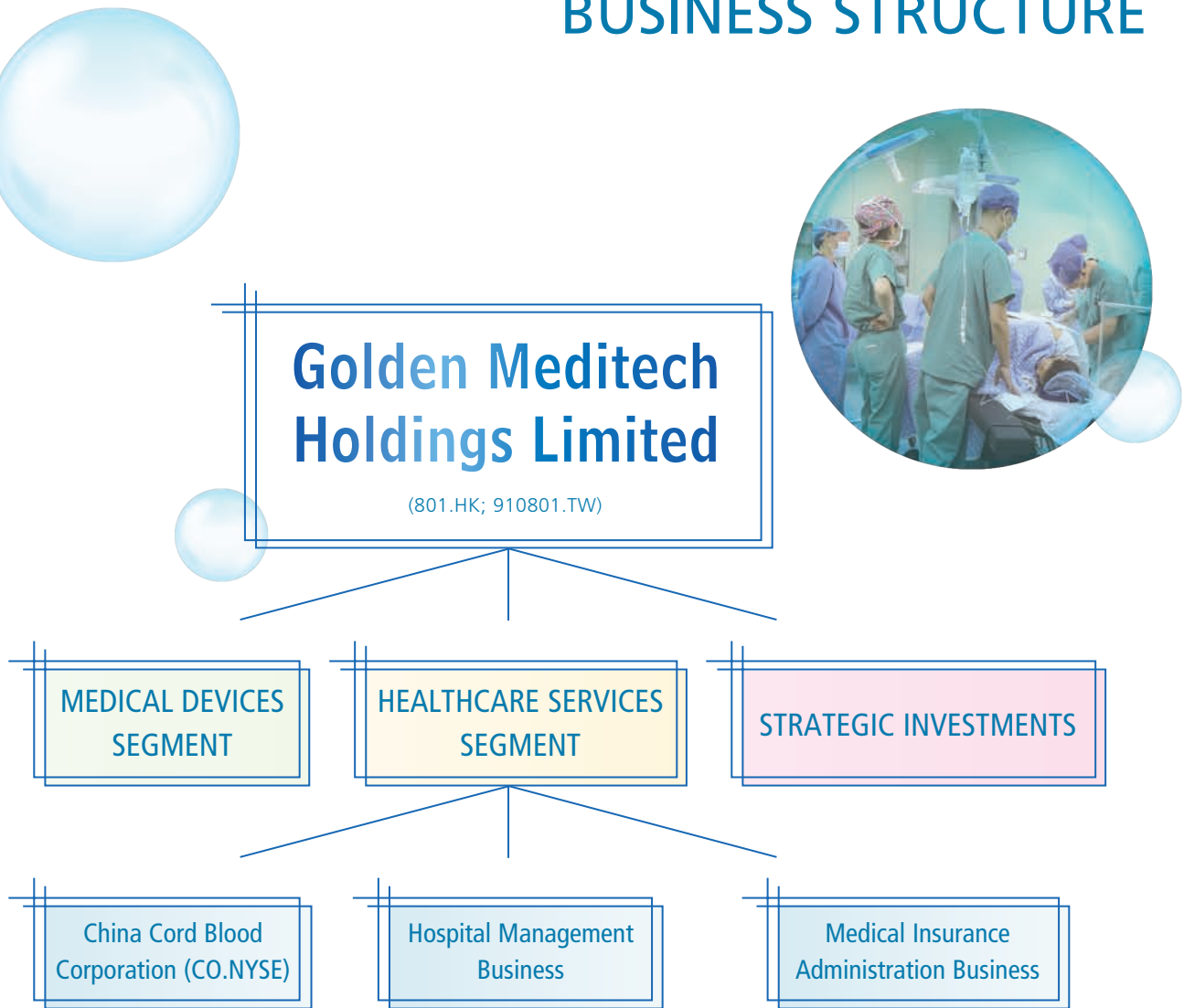
## THE MEDICAL DEVICES SEGMENT

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 unrelentingly 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 2017 (the “Reporting Period”). During the Reporting Period, the Group’s business development is progressing well, while at the same time optimising its business structure and revenue mix. The healthcare services segment achieved a substantial growth and accounted for a larger proportion of the Group’s operations. The results performance recorded by all business segments of the Group were in line with the management’s expectations.

China’s economy remains stable with good momentum for growth. There is strong underlying demand for healthcare services in the PRC, underpinned by the continuous medical reform and the accelerated ageing of population. The healthcare market in the PRC has seen sustainable growth in recent years. By 2020, the total healthcare spending in China is expected to exceed RMB8 trillion, according to the “Healthy China 2030” Blueprint, doubling to RMB16 trillion by 2030. The outlook for the healthcare sector in the PRC looks rosy, thanks to the scale and potential in the healthcare market.

2017 is an important year for implementing the medical reform under the “13th Five-Year Plan”. The Chinese government has released a series of guidances and decisions, which aim at promoting multi-employment of physician practice, the physician freelance practice, the private capital investments in healthcare sector and the accelerated development of non-public medical institutions. These positive development trend and policy orientation play out in favour of integrated healthcare groups such as Golden Meditech, which has both substantial investment experiences and proven execution capabilities in the Chinese healthcare sector.

The Group has a first-mover advantage thanks to its many years of thorough penetration in the PRC’s healthcare industry. It is one of the earliest privately-run enterprises in Mainland China that successfully transformed into an integrated healthcare enterprise from a medical devices company. Benefiting from a favourable policy environment towards private hospitals as well as the growing demand for healthcare services, the Group manages to gradually improve and steadily develop its healthcare businesses.

## BUSINESS REVIEW

Golden Meditech is an integrated healthcare enterprise. Its main continuing operations include the healthcare services segment and the medical devices segment. The healthcare services segment currently consists of hospital management business, medical insurance administration business, and cord blood storage business, which was classified as discontinuing operation in the fiscal year 2015/2016. The medical devices segment currently consists of the manufacturing and the sale of medical devices and consumables. In addition, the Group has also ventured into healthcare related investments and other strategic investments.

# MANAGEMENT DISCUSSION AND ANALYSIS

## Continuing Operations

### I. **Healthcare Services Segment**

#### *Hospital Management Business*

Leveraging on its renowned international hospital brand, Shanghai East International Medical Center (“SEIMC”) provides premium healthcare services in Shanghai and the surrounding neighbourhoods. SEIMC recruits a team of experienced Chinese and foreign medical experts and provides direct bill settlement services to several international and domestic insurance companies. It is well trusted by multinational corporations, international schools and other affluent customers. During the Reporting Period, several marketing initiatives were rolled out for community, such as health seminars, first aid practical courses and health club memberships, with a view to promoting health consciousness and expanding SEIMC’s market presence.

Beijing Qinghe Hospital (“Qinghe Hospital”) specialises in haematology and provides a broad range of medical disciplines. It offers 500 beds, of which 48 beds are haematology wards. Through working seamlessly with Peking University People’s Hospital (北京大學人民醫院) (“PUP Hospital”), Qinghe Hospital aims to deliver prime healthcare services focusing on haematology. In order to constantly enhance its operational efficiency, Qinghe Hospital is an active innovator in its service, operating and management models since obtaining its license in late 2015. In June 2017, Qinghe Hospital entered into a lease agreement with PUP Hospital, whereby it leases out several floors of the hospital space and medical equipment in return for rental income.

Beijing Sunbow Obstetrics & Gynecology Hospital (“Sunbow O&G Hospital”) offers 99 beds and provides international standard obstetrics, gynecology and pediatric medical services. Equipped with advanced medical equipment, Sunbow O&G Hospital hires experienced medical talents from famous specialist hospitals. It brought new experience to its patients through standardised consulting procedures, private doctor tracked management, psychological guidance and personalised services which ensure all patients receive safe and reassuring treatments. Additionally, Sunbow O&G Hospital provides convenient insurance claim services to patients who hold different kinds of medical insurance cards. During the Reporting Period, Sunbow O&G Hospital promoted its services and enhanced its market visibility through launching a number of online and offline marketing activities, and as a result, showed steady growth momentum.

The Group established itself in the high-end market in response to the increasing demand for healthcare services and the favourable environment created by the government in promoting the development of private healthcare institutions. Providing quality and professional healthcare services top its list of priorities. The Group values highly on hospital reputation and brand building. For instance, SEIMC, which was acquired by the Group previously, owns a sound reputation in its region and delivers satisfying results that meet management’s expectation over the past years.



## MANAGEMENT DISCUSSION AND ANALYSIS

Pleasingly, a strong collaboration with PUP Hospital has enabled Qinghe Hospital to start contributing revenue to the Group during the Reporting Period. The management believes that Qinghe Hospital will play a key role in driving future development at the Group by leveraging on its predominant expertise as well as scale. Additionally, the newly established specialty hospital – Sunbow O&G Hospital, is an innovative large-scale obstetrics and gynecology hospital, striving to create a new model for high-end obstetrics and gynecology healthcare services.

Being a pioneer operator of private hospitals, the Group consistently adopts a prudent investment approach in the midst of booming hospital management sector. The hospitals that it owns are distinctive and reputable, which have gradually become a new growth driver and will ultimately bring better returns to the Group. The Group will continue to adopt an open and prudent investment strategy in developing its hospital management business, in order to further cultivate and grow its healthcare business.

### *Medical Insurance Administration Business*

GM-Medicare Management (China) Company Limited (“GM-Medicare”), a subsidiary of the Group, is a leading information technology solution provider in healthcare insurance sector. It provides operation and information technology solutions and services to commercial insurance companies and healthcare institutions. GM-Medicare provides tailor-made third-party administrator (“TPA”) services such as claims, review process, bill settlement and data analysis that suit its customers’ needs. It has invested in its hardware and software facilities as well as professional team, and this made it a preferred full service provider. The opening up of Chinese medical insurance industry to foreign companies, combined with competitive domestic market, has resulted in more and more insurance companies outsource its non-core business to third party, which is in line with the global market trend. GM-Medicare is the first TPA who assisted the government’s healthcare insurance agencies in realising off-site real-time review process and bill settlement. Leveraging on the Group’s comprehensive domestic and international background in the healthcare sector as well as its extensive hospital network, GM-Medicare is well positioned to become a leading player in the medical insurance administration sector.

## **II. Medical Devices Segment**

The Group is primarily engaged in the development, manufacture, sales and distribution of blood-related medical devices in Mainland China. Beijing Jingjing Medical Equipment Co., Ltd. (“Beijing Jingjing”), a leading medical device manufacture in China, provides domestically developed products specialised in blood recovery, purification and treatment. 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. ABRSs were installed in hundreds of mid and large-sized hospitals in first-tier cities nationwide that has resulted in a saturated ABRS market. During the Reporting Period, the Group implemented a two-pronged strategy to counter the intensified price competition in the ABRS market. First, the Group continues to adopt a flexible pricing policy to stabilise its sales. On the other hand, the Group is actively exploring new project opportunities.

## MANAGEMENT DISCUSSION AND ANALYSIS

### III. Strategic Investments

The Group's strategic investments include the existing Chinese herbal medicines business in Shanghai, a joint venture company focusing on precision medical treatment, and an associate company focusing on immunotherapy research and development.

The production facility of the Chinese herbal medicines business is located in Shanghai Qingpu District, which is included in the development plan of Qingpu new city. In regard of the possible land resumption plan, the Company will work closely with the local government for the land valuation as well as the relocation site.

Golden Meditech Javadi Precision Medicine Limited ("GM Javadi") is a joint venture among the Group, Dr. Nader Javadi, a pioneer in precision medical treatment, and an independent strategic investor. GM Javadi owns a renowned private precision medical center in the United States of America that focuses on the combined treatment of standard chemotherapy, immunotherapy and targeted therapy for various cancers. It provides tailor-made treatment plans for patients from around the world, which has significantly improved patients' living quality and extended their long-term survival rate.

Partnering with The University of Texas at MD Anderson Cancer Center and an independent strategic investor, Cellenkos Inc. ("Cellenkos") aims to develop umbilical cord blood derived T-regulatory cellular therapies in treating autoimmune diseases as well as expand T-cell immunotherapy into key Asian markets.

### Cord Blood Storage Business – Discontinuing Operation

China Cord Blood Corporation ("CCBC") owned three international standards cord blood banks in Beijing, Guangdong and Zhejiang, which have developed steadily over the years. Thanks to this development, cord blood storage services gradually gain recognition from international market as well as consumers in China. During the Reporting Period, CCBC signed up approximately 46,170 new subscribers, representing an increase of 33.2% year-on-year; recorded 620,680 accumulated subscribers.

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. ("NJXB") 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. Consequently, the cord blood storage business was classified as the Group's discontinuing operation in the fiscal year 2015/2016. However, NJXB decided to withdraw the application for the China Securities Regulatory Commission's approval of its acquisition of CCBC shares in August 2016, due to the uncertainty in the regulatory policy at that time regarding significant asset restructuring of listed companies in the PRC. Subsequently, 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

## MANAGEMENT DISCUSSION AND ANALYSIS

NJXB in September 2016. Pursuant to the agreement, Sanpower agreed to pay the Company an earnest money of RMB300,000,000 (equivalent to approximately HK\$351,506,000) so as to secure alternative arrangements for the future sale and purchase of the CCBC shares. In December 2016, Golden Meditech Stem Cells (BVI) Company Limited (“GMSC”), a wholly-owned subsidiary of the Company, entered into a sale and purchase agreement with Nanjing Yingpeng Huikang Medical Industry Investment Partnership (Limited Partnership) (南京盈鵬蕙康醫療產業投資合夥企業(有限合夥)) (the “Purchaser”) regarding the disposal of the Company’s entire 65.4% fully-diluted equity interest in CCBC for a total cash consideration of RMB5,764,000,000 (equivalent to approximately HK\$6,398,000,000) (the “Disposal”) (please refer to the Company’s announcement dated 30 December 2016). The Disposal was approved by the Company’s shareholders in March 2017. Subsequently, the Company terminated the Proposed Privatisation upon receiving a termination letter from CCBC in April 2017.

On 29 September 2017, the Company announced that all of the effectiveness conditions of the Disposal have been fulfilled. However, the applicable foreign exchange procedures in the PRC have yet to be completed. On 14 November 2017, GMSC and the Purchaser entered into a supplemental agreement (the “Supplemental Agreement”) to extend the completion of the Disposal (the “Completion”), in order to facilitate the Purchaser to continue, and complete, the applicable foreign exchange procedures in the PRC. Pursuant to the Supplemental Agreement, the first extension deadline is 31 December 2017 (the “First Extension”). In the event that the Completion does not take place on or before the First Extension, it will be extended to 31 January 2018, and the Purchaser shall pay GMSC an extension fee of US\$10,000,000 (equivalent to approximately HK\$78,000,000) (please refer to the Company’s announcement dated 29 September 2017 and 14 November 2017). The Disposal would enhance the Group’s cash position, bring sound returns to the Group and its shareholders and enable the Group to re-allocate more financial resources to other existing businesses and new projects with high commercial value.

## KEY DEVELOPMENTS AND AGREEMENTS

### Debt Capitalisation Agreement Regarding Acquisition of 48.58% Equity Interests in Australia-listed Life Corporation Limited (“LFC”) and Loan Agreement

On 30 June 2017, GM Investment Company Limited (“GMI”), a wholly-owned subsidiary of the Company, and LFC entered into a debt capitalisation agreement (the “Debt Capitalisation Agreement”), pursuant to which both parties agreed to convert the convertible bond in the principal amount of SGD3,000,000 (equivalent to approximately HK\$17,259,000) issued by LFC to GMI in 2014 into 721,428,571 LFC shares. Such agreement was approved by the LFC shareholders on 9 October 2017 and completed on 16 October 2017 (please refer to the Company’s announcements dated 30 June 2017, 22 August 2017 and 9 October 2017). LFC and its subsidiaries are principally engaged in the provision of multi-religion funeral services and other related ancillary services in Singapore. Upon the completion of the Debt Capitalisation Agreement, the Group holds 48.58% equity interests in LFC, and LFC becomes a joint venture of the Group.

## MANAGEMENT DISCUSSION AND ANALYSIS

On 6 November 2017, GMI and Life Corporation Services (S) Pte. Ltd. (“LFC Services”), a wholly-owned subsidiary of LFC, entered into a loan agreement. Pursuant to the agreement, GMI agreed to grant to LFC Services a loan facility in the principal amount of SGD5,000,000 (equivalent to approximately HK\$28,640,000) at the interest rate of 9% per annum for a term of three years to facilitate the construction of an automated columbarium. LFC Services is currently developing an automated columbarium in Singapore, and the construction is expected to complete within two years. The management believes that once LFC’s automated columbarium business commenced, it will bring better returns to the Group and its shareholders.

### Proposed Voluntary Delisting of the Taiwan Depository Receipts (“TDR”) on the Taiwan Stock Exchange Corporation (“TWSE”)

On 30 October 2017, in view of the Group’s future business directions, the board of directors of the Company resolved to initiate an application for the voluntary delisting (the “Voluntary Delisting”) of TDR from TWSE, the repurchase of TDR and the TDR conversion offer. According to the applicable TWSE’s regulations, the repurchase price of each TDR is fixed at TWD4.45 (equivalent to approximately HK\$1.15). In addition, the Company will bear conversion expenses in order to encourage the TDR holders to convert TDR into ordinary shares of the Company. On 22 November 2017, TWSE approved the application of the Voluntary Delisting and it will become effective on 13 December 2017 (please refer to the Company’s announcements dated 30 October 2017 and 22 November 2017).

## FINANCING

### Redemption of Convertible Notes

On 13 November 2017, the Company paid a sum of approximately US\$25,226,000 (equivalent to approximately HK\$196,763,000) to redeem the 5% redeemable convertible notes due November 2017 in an aggregate principal amount of US\$20,000,000 (equivalent to approximately HK\$156,000,000) from Gem Power International Limited (an indirectly wholly-owned subsidiary of CCB International (Holdings) Limited).

### Promissory Notes

The Group issued the promissory notes (the “Promissory Notes”) in the aggregate principal amount of US\$250,000,000 (equivalent to approximately HK\$1,950,000,000) to an investor, Blue Ocean Structure Investment Company Ltd. (“Blue Ocean”) in 2015 and 2016. As of 30 September 2017, the Group has redeemed HK\$454,649,000 of the Promissory Notes and obtained an understanding from Blue Ocean, that it will not require the Group to redeem the remaining outstanding principal of the Promissory Notes until a definite binding agreement has been reached between the parties.

## KEY FINANCIAL PERFORMANCE INDICATORS

The Group reported the operating results of CCBC during the six months ended 30 September 2017 and 2016 separately as discontinuing operation in the consolidated income statement. Assets and liabilities of CCBC as at 30 September 2017 and 31 March 2017 were 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.

## MANAGEMENT DISCUSSION AND ANALYSIS

### Continuing Operations

During the Reporting Period, the Group's total revenue from continuing operations amounted to HK\$117,069,000, representing a decrease of 3.8% year-on-year. The decrease has slowed down as compared to the corresponding period last year, mainly attributable to the change in revenue mix of the Group. The healthcare services segment, a new growth driver of the Group, has made positive contribution and its revenue as a % of total revenue increased to 42.7% from 26.2% in the corresponding period last year. Nevertheless, revenue from the medical devices segment as a % of total revenue decreased to 55.7% from 72.0% in the corresponding period last year.

#### I. Healthcare Services Segment

	Six months ended 30 September	
	2017 (HK\$'000)	2016 (HK\$'000)
Revenue from hospital management business	47,865	29,901
Revenue from medical insurance administration business	2,163	1,984
Selling and administrative expenses	(110,847)	(100,769)
Loss before interest, tax, depreciation and amortisation	(55,463)	(47,837)
Loss after tax	(96,206)	(85,801)

During the Reporting Period, revenue from the healthcare services segment reached HK\$50,028,000, representing a significant increase of 56.9% year-on-year. The increase was mainly attributable to the fact that both Qinghe Hospital and Sunbow O&G Hospital commenced contribution, while there was no such contribution in the corresponding period last year. Revenue generated from hospital management business and medical insurance administration business were HK\$47,865,000 and HK\$2,163,000, accounting for 95.7% and 4.3% of healthcare services revenue, respectively.

##### *Hospital Management Business*

During the Reporting Period, Qinghe Hospital and Sunbow O&G Hospital reported revenue contribution of HK\$16,093,000 and HK\$4,354,000, respectively, to the Group. Revenue from SEIMC decreased by 8.3% year-on-year to HK\$27,418,000. Qinghe Hospital started collecting rental payments from PUP Hospital since June 2017.

## MANAGEMENT DISCUSSION AND ANALYSIS

### *Medical Insurance Administration Business*

Revenue from medical insurance administration business was HK\$2,163,000 during the Reporting Period, in-line with the corresponding period last year. The management expects that the Group will provide comprehensive one-stop TPA services to more commercial insurance companies once its self-developed medical insurance claim system gains momentum, hence, the Group's operational efficiency, scale as well as its profitability will improve in the future.

During the Reporting Period, selling and administrative expenses from the healthcare services segment amounted to HK\$110,847,000, representing an increase of 10.0% year-on-year. The increase was largely attributable to the increase in operating expenses from Sunbow O&G Hospital as well as the increase in maintenance costs.

### **II. Medical Devices Segment**

	Six months ended 30 September	
	2017 (HK\$'000)	2016 (HK\$'000)
Revenue from medical devices	995	11,824
Revenue from medical device consumables	45,943	57,566
Revenue from distribution of medical consumables	18,251	18,225
Selling and administrative expenses	(35,451)	(25,475)
Profit before interest, tax, depreciation and amortisation	1,353	29,132
(Loss)/profit after tax	(5,705)	18,857

During the Reporting Period, revenue from the medical devices segment decreased by 25.6% year-on-year to HK\$65,189,000, accounting for 55.7% of the Group's total revenue from continuing operations. The decrease was mainly attributable to the saturated ABRS market and intensified price competition.

During the Reporting Period, selling and administrative expenses from the medical devices segment amounted to HK\$35,451,000, representing an increase of 39.2% year-on-year. The increase was largely attributable to the increase in expenses for expanding the Group's marketing team as well as exploring new sales channels.

## MANAGEMENT DISCUSSION AND ANALYSIS

### III. Strategic Investments

	Six months ended 30 September	
	2017 (HK\$'000)	2016 (HK\$'000)
Revenue from Chinese herbal medicines business	1,852	2,172
Selling and administrative expenses	(10,367)	(9,661)
Loss before interest, tax, depreciation and amortisation	(1,846)	(1,421)
Share of losses of Cellenkos and GM Javadi	(3,459)	–
Changes in fair value of Cellenkos warrant	(1,493)	–
Loss after tax	(14,542)	(9,901)

The Chinese herbal medicines business recorded an operating loss of HK\$12,700,000 during the Reporting Period. The Group is negotiating with the local government of Shanghai Qingpu District, regarding the possible land resumption plan of its production site, and expects to improve its cash position if the land resumption is successful. Losses attributable to the Group from Cellenkos and GM Javadi were HK\$585,000 and HK\$2,874,000, respectively. Both Cellenkos and GM Javadi are the Group's strategic roadmap in the advanced medical treatments fields. The management believes that such investments will benefit the Group in the future technically and financially.

During the Reporting Period, selling and administrative expenses from the Chinese herbal medicines business amounted to HK\$10,367,000, in-line with the corresponding period last year.

### FUTURE DEVELOPMENT

Looking ahead, the Group will further its business integration and diversification strategy, optimise the resources allocation and enhance the operational efficiency of all business segments. The healthcare services segment, the hospital management business, in particular, is expected to play an increasingly important role in the Group's continuing operations. The Group's successful business integration has materialised in the form of revenue contribution from all three hospitals it invested. It is believed that each of these hospitals will continue to strengthen its operational management capabilities and bring profitability to the Group. The Group is still facing challenges in the medical devices market and has started reinforcing its sales force in order to cope with the challenging environment. Furthermore, leveraging on its pioneer status in the healthcare industry, the Group will step up its business collaborations in medical fields, such as precision medical treatment and immunotherapy. This will help the Group in developing into the high-end healthcare sector and solidifying its market-leading position in the integrated healthcare industry.

## MANAGEMENT DISCUSSION AND ANALYSIS

### GROUP FINANCIAL REVIEW

#### Gross Profit Margin

The Group's gross profit margin from continuing operations decreased by 7.8 percentage points year-on-year to 43.0%. Such fluctuation was largely attributable to the increase in costs from Sunbow O&G Hospital which commenced its operation in October 2016. The Group's core businesses, the healthcare services segment and medical devices segment, reported gross profit margins of 35.7% and 54.5%, respectively, as compared to 50.5% and 55.2% in the corresponding period last year.

#### Selling and Administrative Expenses

The Group continued to enhance its marketing and business development initiatives in each of its business segment. Selling and administrative expenses during the Reporting Period totalled HK\$209,785,000, representing a decrease of 9.4% year-on-year. The decrease was mainly attributable to the accumulated effect of the provision for director retirement benefit scheme of HK\$33,855,000 in the corresponding period last year, while only current period's provision was made during the Reporting Period.

#### Other Income

During the Reporting Period, the Group recorded other income of HK\$59,271,000, as compared to HK\$7,634,000 in the corresponding period last year. The increase was mainly attributable to the interest income of HK\$57,758,000 in relation to the receivables from Sanpower, while no such interest income was recorded last year.

#### Loss from Operations from Continuing Operations

During the Reporting Period, the Group recorded operating loss from continuing operations of HK\$100,156,000, as compared to an operating loss of HK\$162,014,000 in the corresponding period last year. Fluctuation was mainly attributable to the abovementioned decrease in selling and administrative expenses as well as the increase in other income as compared to the corresponding period last year.

#### Finance Costs

The Group recorded finance costs of HK\$199,807,000, representing an increase of 16.3% year-on-year. Such increase was mainly attributable to the Promissory Notes. During the Reporting Period, the Group calculated interest expenses on the Promissory Notes at a higher internal rate of return, details are set out in note 17(b) to the financial statements.

#### Income Tax Expense

The Group's total income tax expense was HK\$2,385,000, representing a decrease of 38.5% 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.



## MANAGEMENT DISCUSSION AND ANALYSIS

### Profit from Discontinuing Operation

	<b>Six months ended 30 September</b>	
	<b>2017</b>	2016
	<b>(HK\$'000)</b>	(HK\$'000)
Revenue	<b>531,588</b>	419,785
Cost of sales	<b>(84,868)</b>	(69,833)
<b>Gross profit</b>	<b>446,720</b>	349,952
Other income	<b>14,911</b>	11,241
Selling expenses	<b>(113,541)</b>	(89,695)
Administrative expenses	<b>(119,599)</b>	(105,036)
<b>Profit from operations</b>	<b>228,491</b>	166,462
Finance costs	–	(1,727)
<b>Profit before tax</b>	<b>228,491</b>	164,735
Income tax expense	<b>(35,706)</b>	(29,254)
<b>Profit from discontinuing operation</b>	<b>192,785</b>	135,481

During the Reporting Period, CCBC recorded 620,680 accumulated subscribers. Its revenue increased by 26.6% year-on-year to HK\$531,588,000. Profit from discontinuing operation increased by 42.3% year-on-year to HK\$192,785,000.

### 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\$287,444,000, representing a decrease of 9.4% year-on-year. Such decrease was mainly attributable to the abovementioned increase in other income as well as the decrease in selling and administrative expenses.

### Current Assets and Total Assets from Continuing Operations

As at 30 September 2017, the Group's total current assets and total assets were HK\$1,450,843,000 and HK\$5,304,200,000 (31 March 2017: HK\$1,005,944,000 and HK\$5,242,235,000), respectively.

## MANAGEMENT DISCUSSION AND ANALYSIS

### Liquidity and Financial Resources from Continuing Operations

The Group's cash and bank deposits amounted to HK\$493,599,000 (31 March 2017: HK\$512,957,000) and total interest-bearing borrowings stood at HK\$3,019,726,000 (31 March 2017: HK\$3,003,833,000) as at 30 September 2017. Excluding the Promissory Notes, total interest-bearing borrowings were HK\$949,256,000 (31 March 2017: HK\$564,296,000).

### Debt Ratio from Continuing Operations

Based on the total interest-bearing borrowings divided by total equity, the Group's debt ratio was 89.8% as at 30 September 2017 (31 March 2017: 82.0%). Excluding the Promissory Notes, the adjusted Group's debt ratio was 28.2% as at 30 September 2017 (31 March 2017: 15.4%). 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 from Continuing Operations and Discontinuing Operation

The Group employed 1,825 (30 September 2016: 1,785) full-time staff in Hong Kong and in Mainland China. Among which, 736 and 1,089 (30 September 2016: 738 and 1,047) 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\$195,323,000 (period ended 30 September 2016: HK\$208,533,000). The staff costs of the continuing operations and discontinuing operation were HK\$51,716,000 and HK\$143,607,000 (period ended 30 September 2016: HK\$96,000,000 and HK\$112,533,000), respectively.

### Details of Pledged Assets and Loan Guarantees from Continuing Operations

As at 30 September 2017, the Group has pledged certain assets as collaterals and provided guarantees for certain borrowings as follows:

- (i) the bank loans of the Company of HK\$772,140,000 were guaranteed by the bank deposits of HK\$262,237,000; and
- (ii) the Promissory Notes, issued by the Company's subsidiary – GMSC, of approximately HK\$2,070,470,000 (31 March 2017: HK\$2,439,537,000) were secured by the Group's 78,874,106 ordinary shares of CCBC, accounting for about 65.4% of the enlarged share capital of CCBC.

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

# CONSOLIDATED INCOME STATEMENT

for the six months ended 30 September 2017 – unaudited  
(Expressed in Hong Kong dollars)

	Note	Six months ended 30 September	
		2017 \$'000	2016 \$'000
<b>Continuing operations</b>			
Revenue	4(a)	117,069	121,672
Cost of sales		(66,711)	(59,888)
<b>Gross profit</b>		<b>50,358</b>	61,784
Other income	5	59,271	7,634
Selling expenses		(15,537)	(8,810)
Administrative expenses		(194,248)	(222,622)
<b>Loss from operations</b>		<b>(100,156)</b>	(162,014)
Finance costs	6(a)	(199,807)	(171,789)
Changes in fair value of financial instruments at fair value through profit or loss	6(c)	(3,945)	8,255
Share of losses of an associate		(585)	–
Share of losses of a joint venture		(2,874)	–
<b>Loss before taxation</b>	6	<b>(307,367)</b>	(325,548)
Income tax expense	7	(2,385)	(3,880)
Loss for the period from continuing operations		<b>(309,752)</b>	(329,428)
<b>Discontinuing operation</b>			
Profit for the period from discontinuing operation	22	192,785	135,481
<b>Loss for the period</b>		<b>(116,967)</b>	(193,947)

## CONSOLIDATED INCOME STATEMENT

for the six months ended 30 September 2017 – unaudited  
(Expressed in Hong Kong dollars)

		<b>Six months ended</b>	
		<b>30 September</b>	
	Note	<b>2017</b>	2016
		<b>\$'000</b>	\$'000
<b>Attributable to:</b>			
Equity shareholders of the Company			
– continuing operations		<b>(287,444)</b>	(317,154)
– discontinuing operation		<b>224,352</b>	(77,283)
		<b>(63,092)</b>	(394,437)
<hr style="border-top: 1px dashed #0070c0;"/>			
Non-controlling interests			
– continuing operations		<b>(22,308)</b>	(12,274)
– discontinuing operation		<b>(31,567)</b>	212,764
		<b>(53,875)</b>	200,490
<hr style="border-top: 1px dashed #0070c0;"/>			
<b>Loss for the period</b>		<b>(116,967)</b>	(193,947)
<hr/>			
<b>Basic and diluted (loss)/earnings per share (in cents)</b>	8		
– continuing operations		<b>(9.69)</b>	(10.69)
– discontinuing operation		<b>7.56</b>	(2.61)
		<b>(2.13)</b>	(13.30)

The notes on pages 23 to 67 form part of this interim financial report.

# CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

for the six months ended 30 September 2017 – unaudited  
(Expressed in Hong Kong dollars)

	Six months ended 30 September	
	2017 \$'000	2016 \$'000
<b>Loss for the period</b>	<b>(116,967)</b>	(193,947)
<b>Other comprehensive income for the period (after tax and reclassification adjustments)</b>		
<b>Items that may be reclassified subsequently to profit or loss:</b>		
Exchange differences on translation of financial statements to presentation currency	<b>184,245</b>	(151,296)
Available-for-sale securities: changes in fair value recognised during the period	<b>(34,529)</b>	(17,653)
<b>Other comprehensive income for the period</b>	<b>149,716</b>	(168,949)
<b>Total comprehensive income for the period</b>	<b>32,749</b>	(362,896)
<b>Attributable to:</b>		
Equity shareholders of the Company		
– continuing operations	<b>(60,258)</b>	(393,162)
– discontinuing operation	<b>124,975</b>	(125,500)
	<b>64,717</b>	(518,662)
Non-controlling interests		
– continuing operations	<b>(22,356)</b>	(13,052)
– discontinuing operation	<b>(9,612)</b>	168,818
	<b>(31,968)</b>	155,766
<b>Total comprehensive income for the period</b>	<b>32,749</b>	(362,896)

The notes on pages 23 to 67 form part of this interim financial report.

# CONSOLIDATED STATEMENT OF FINANCIAL POSITION

at 30 September 2017 – unaudited  
(Expressed in Hong Kong dollars)

	Note	At 30 September 2017 \$'000	At 31 March 2017 \$'000
<b>Non-current assets</b>			
Property, plant and equipment	9	1,165,412	1,192,734
Interests in leasehold land held for own use under operating leases	9	1,503,577	1,496,026
		<b>2,668,989</b>	2,688,760
Goodwill		185,692	168,318
Interest in an associate		31,726	32,311
Interest in a joint venture		70,787	68,850
Available-for-sale securities		78,781	78,271
Trade and other receivables	11	803,194	1,186,363
Deferred tax assets		14,188	13,418
		<b>3,853,357</b>	4,236,291
<b>Current assets</b>			
Derivative financial assets		4,236	5,729
Inventories	12	29,744	20,576
Trade and other receivables	13	923,264	466,682
Time deposits	14	320,930	74,000
Cash and cash equivalents	15	172,669	438,957
		<b>1,450,843</b>	1,005,944
Assets of disposal group classified as held for sale	22	6,679,666	5,986,102
		<b>8,130,509</b>	6,992,046
<b>Current liabilities</b>			
Trade and other payables	16	1,686,002	991,596
Interest-bearing borrowings	17	2,301,697	2,822,725
Obligations under finance leases	18	3,052	3,341
Income tax payables		64,157	61,086
Financial liabilities at fair value through profit or loss	19	155,860	158,088
		<b>4,210,768</b>	4,036,836
Liabilities of disposal group classified as held for sale	22	2,995,093	2,574,384
		<b>7,205,861</b>	6,611,220
<b>Net current assets</b>			
		<b>924,648</b>	380,826
<b>Total assets less current liabilities</b>			
		<b>4,778,005</b>	4,617,117

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION

at 30 September 2017 – unaudited  
(Expressed in Hong Kong dollars)

	Note	At 30 September 2017 \$'000	At 31 March 2017 \$'000
<b>Non-current liabilities</b>			
Other payables	16	–	429,000
Interest-bearing borrowings	17	540,913	–
Obligations under finance leases	18	18,204	19,679
Deferred tax liabilities		141,138	137,233
Other non-current liabilities		393	378
		<b>700,648</b>	586,290
<b>NET ASSETS</b>		<b>4,077,357</b>	4,030,827
<b>CAPITAL AND RESERVES</b>			
Share capital	20(a)	593,228	593,228
Reserves		2,273,408	2,730,712
<b>Total equity attributable to equity shareholders of the Company</b>		<b>2,866,636</b>	3,323,940
<b>Non-controlling interests</b>		<b>1,210,721</b>	706,887
<b>TOTAL EQUITY</b>		<b>4,077,357</b>	4,030,827

The notes on pages 23 to 67 form part of this interim financial report.

# CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

for the six months ended 30 September 2017 – unaudited  
(Expressed in Hong Kong dollars)

Attributable to equity shareholders of the Company

Note	Attributable to equity shareholders of the Company											Total equity \$'000	
	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	(Accumulated losses)/ Retained Profits \$'000	Total \$'000		Non-controlling interests \$'000
<b>Balance at 1 April 2017</b>	593,228	3,293,087	11,679	93,474	54,193	111,570	245,941	56,330	(1,016,492)	(119,070)	3,323,940	706,887	4,030,827
<b>Total comprehensive income for the period</b>	-	-	-	-	-	151,614	-	(23,805)	-	(63,092)	64,717	(31,968)	32,749
Dividends to holders of non-controlling interests	-	-	-	-	-	-	-	-	-	-	-	(5,476)	(5,476)
Equity settled share-based payment expenses	-	-	-	17,185	-	-	-	-	-	-	17,185	2,072	19,257
Expired share option	-	-	-	(10,666)	-	-	-	-	-	10,666	-	-	-
Exercise of conversion rights attached to the convertible notes issued by a subsidiary 19(b)	-	-	-	-	-	(12,196)	-	19,781	(546,791)	-	(539,206)	539,206	-
Transfer to surplus reserve	-	-	-	-	-	-	2,097	-	-	(2,097)	-	-	-
<b>Balance at 30 September 2017</b>	593,228	3,293,087	11,679	99,993	54,193	250,988	248,038	52,306	(1,563,283)	(173,593)	2,866,636	1,210,721	4,077,357
<b>Balance at 1 April 2016</b>	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
<b>Total comprehensive income for the period</b>	-	-	-	-	-	(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)	-	-	-
<b>Balance at 30 September 2016</b>	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

The notes on pages 23 to 67 form part of this interim financial report.



# CONDENSED CONSOLIDATED CASH FLOW STATEMENT

for the six months ended 30 September 2017 – unaudited  
(Expressed in Hong Kong dollars)

	Note	Six months ended 30 September	
		2017 \$'000	2016 \$'000
<b>Operating activities</b>			
<b>Cash generated from operations</b>		<b>672,373</b>	94,835
The People's Republic of China ("PRC") income tax paid		<b>(41,502)</b>	(30,510)
<b>Net cash generated from operating activities</b>		<b>630,871</b>	64,325
<b>Investing activities</b>			
Payments for purchase of property, plant and equipment		<b>(46,304)</b>	(44,183)
Payments for purchase of available-for-sale securities		–	(87,750)
Proceeds from investment income of available-for-sale securities		–	20,383
Advances to a joint venture		<b>(4,680)</b>	–
Earnest money received from a third party	16(i)	–	348,867
Other net cash flows (used in)/generated from investing activities		<b>(171,080)</b>	8,974
<b>Net cash (used in)/generated from investing activities</b>		<b>(222,064)</b>	246,291
<b>Financing activities</b>			
Proceeds from new interest-bearing borrowings		<b>778,000</b>	–
Repayments of interest-bearing borrowings		<b>(837,837)</b>	(262,381)
Payments for dividends to holders of non-controlling interests		<b>(5,476)</b>	(5,036)
Payment for acquisition of additional interest in a subsidiary	21(a)	–	(50,000)
Other net cash flows used in financing activities		<b>(119,111)</b>	(69,973)
<b>Net cash used in financing activities</b>		<b>(184,424)</b>	(387,390)
<b>Net increase/(decrease) in cash and cash equivalents</b>		<b>224,383</b>	(76,774)
<b>Cash and cash equivalents at 1 April</b>		<b>4,397,306</b>	4,507,530
<b>Effect of foreign exchanges rates changes</b>		<b>161,005</b>	(122,561)
<b>Cash and cash equivalents at 30 September</b>		<b>4,782,694</b>	4,308,195
<b>Analysis of cash and cash equivalents</b>			
Cash and cash equivalents of the Group		<b>172,669</b>	654,379
Reclassification to assets of disposal group classified as held for sale	22	<b>4,610,025</b>	3,653,816
		<b>4,782,694</b>	4,308,195

The notes on pages 23 to 67 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 “Share(s)”), 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 of Hong Kong Limited, 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 30 November 2017.

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 2017, except for the accounting policy changes that are expected to be reflected in the financial statements for the year ending 31 March 2018. 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 2017. 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 2017 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 2017 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 2017.

## 3 CHANGES IN ACCOUNTING POLICIES

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

## 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 development, manufacture and sale of medical devices and related medical accessories; (ii) the provision of hospital management service and hospital operation; (iii) the provision of medical insurance administration service; and (iv) the research and development, manufacture and sale of Chinese herbal medicines; and one operating segment from discontinuing operation – the provision of cord blood storage service.

## NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT

(Expressed in Hong Kong dollars unless otherwise indicated)

### 4 REVENUE AND SEGMENT REPORTING (continued)

#### (a) Revenue (continued)

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"). The amount of each significant category of revenue is as follows:

	<b>Six months ended</b>	
	<b>30 September</b>	
	<b>2017</b>	2016
	<b>\$'000</b>	\$'000
<b>Continuing operations</b>		
Sales of medical devices and medical accessories	<b>65,189</b>	87,615
Hospital management service and hospital operation income	<b>47,865</b>	29,901
Medical insurance administration service income	<b>2,163</b>	1,984
Sale of Chinese herbal medicines	<b>1,852</b>	2,172
	<b>117,069</b>	121,672
<b>Discontinuing operation (note 22)</b>		
Cord blood storage service income	<b>531,588</b>	419,785
	<b>648,657</b>	541,457

## 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.
- (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.

## 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

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 (loss)/profit is (loss)/profit from operations.

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 2017 and 2016 is set out below:

	Continuing operations								Discontinuing operation			
	Medical devices		Hospital management		Medical insurance administration		Chinese herbal medicines		Cord blood storage		Total	
	2017 \$'000	2016 \$'000	2017 \$'000	2016 \$'000	2017 \$'000	2016 \$'000	2017 \$'000	2016 \$'000	2017 \$'000	2016 \$'000	2017 \$'000	2016 \$'000
<b>For the six months ended 30 September</b>												
Revenue from external customers	46,938	69,390	47,865	29,901	2,163	1,984	1,852	2,172	531,588	419,785	630,406	523,232
Inter-segment revenue	18,251	18,225	-	-	-	-	-	-	-	-	18,251	18,225
Reportable segment revenue	65,189	87,615	47,865	29,901	2,163	1,984	1,852	2,172	531,588	419,785	648,657	541,457
Reportable segment (loss)/profit	(3,537)	24,988	(81,773)	(62,883)	(12,244)	(19,214)	(12,700)	(11,620)	228,491	166,462	118,237	97,733

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

## 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)

##### (ii) Reconciliations of reportable segment profit or loss

	Continuing operations		Discontinuing operation		Total	
	2017 \$'000	2016 \$'000	2017 \$'000	2016 \$'000	2017 \$'000	2016 \$'000
<b>For the six months ended 30 September</b>						
<b>Reportable segment (loss)/profit</b>	<b>(110,254)</b>	(68,729)	<b>228,491</b>	166,462	<b>118,237</b>	97,733
Interest income from loan to a joint venture	1,416	–	–	–	1,416	–
Interest income from other receivables	57,758	–	–	–	57,758	–
Finance costs	(199,807)	(171,789)	–	(1,727)	(199,807)	(173,516)
Changes in fair value of financial instruments at fair value through profit or loss	(3,945)	8,255	–	–	(3,945)	8,255
Share of losses of an associate	(585)	–	–	–	(585)	–
Share of losses of a joint venture	(2,874)	–	–	–	(2,874)	–
Unallocated head office and corporate expenses	(49,076)	(93,285)	–	–	(49,076)	(93,285)
<b>Consolidated (loss)/profit before taxation</b>	<b>(307,367)</b>	(325,548)	<b>228,491</b>	164,735	<b>(78,876)</b>	(160,813)

## NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT

(Expressed in Hong Kong dollars unless otherwise indicated)

### 5 OTHER INCOME

	Six months ended 30 September	
	2017 \$'000	2016 \$'000
<b>Continuing operations</b>		
Interest income from bank deposits	1,011	3,174
Interest income from other receivables (note 10)	57,758	–
Interest income from loan to a joint venture	1,416	–
VAT refunds (i)	263	1,040
Net exchange loss	(554)	(226)
Net loss on disposal of property, plant and equipment	(47)	(909)
Others	(576)	4,555
	<b>59,271</b>	7,634
<b>Discontinuing operation (note 22)</b>		
Interest income from bank deposits	7,852	5,568
Interest income from trade receivables	4,449	4,676
Net exchange gain	129	141
Net gain/(loss) on disposal of property, plant and equipment	675	(2)
Others	1,806	858
	<b>14,911</b>	11,241
	<b>74,182</b>	18,875

- (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% (2016: 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/(PROFIT) BEFORE TAXATION

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

	Six months ended 30 September	
	2017 \$'000	2016 \$'000
<b>(a) Finance costs</b>		
<b>Continuing operations</b>		
Interests on interest-bearing borrowings wholly repayable within five years	198,927	170,835
Finance charges on obligations under finance leases	880	954
	<b>199,807</b>	171,789
<b>Discontinuing operation (note 22)</b>		
Interests on interest-bearing borrowings wholly repayable within five years	–	1,727
	<b>199,807</b>	173,516
<b>(b) Staff costs</b>		
<b>Continuing operations</b>		
Salaries, wages and other benefits	44,750	92,318
Contributions to defined contribution retirement plans	6,966	3,682
	<b>51,716</b>	96,000
<b>Discontinuing operation</b>		
Salaries, wages and other benefits	107,581	62,432
Contributions to defined contribution retirement plans	16,769	14,125
Equity settled share-based payment expenses	19,257	35,976
	<b>143,607</b>	112,533
	<b>195,323</b>	208,533

## NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT

(Expressed in Hong Kong dollars unless otherwise indicated)

### 6 LOSS/(PROFIT) BEFORE TAXATION (continued)

	Six months ended 30 September	
	2017 \$'000	2016 \$'000
<b>(c) Other items</b>		
<b>Continuing operations</b>		
Amortisation of land lease premium	18,490	18,600
Depreciation of property, plant and equipment	34,677	30,332
Changes in fair value of financial instruments at fair value through profit or loss:		
– warrant issued by an associate	1,493	–
– convertible notes issued by the Company (note 19)	2,452	(8,255)
	3,945	(8,255)
Research and development costs (other than depreciation and amortisation costs)	4,396	4,705
<b>Discontinuing operation</b>		
Amortisation of intangible assets*	–	–
Depreciation of property, plant and equipment*	–	–
Impairment loss on trade receivables	11,554	16,272
Research and development costs (other than depreciation and amortisation costs)	6,657	4,284

\* In accordance with the accounting policy, as long as a non-current asset is classified as held for sale, or is included in a disposal group that is classified as held for sale, the non-current asset is not depreciated or amortised.

## NOTES TO THE 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	
	2017 \$'000	2016 \$'000
<b>Continuing operations</b>		
Current tax	4,778	4,009
Deferred tax	(2,393)	(129)
	2,385	3,880
<b>Discontinuing operation (note 22)</b>		
Current tax	39,742	28,414
Deferred tax	(4,036)	840
	35,706	29,254

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 Zhejiang 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 2017 and 2016.

Jingjing obtained its latest renewed certificate of high and new technology enterprise ("HNTE") on 30 October 2014 with an effective period of three years ended 31 December 2016. Upon the expiry or failure in renewal of HNTE certificate, the tax rate applied to Jingjing would be 25%. Subject to renewal, Jingjing's HNTE status will enable it to continue to enjoy the preferential income tax rate of 15% from 1 January 2017 to 31 December 2019. The Group believes that Jingjing meets all the criteria for the renewal of HNTE. Therefore, income tax expense of Jingjing for the periods ended 30 September 2017 and 2016 were calculated based on an income tax rate of 15%.

## NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT

(Expressed in Hong Kong dollars unless otherwise indicated)

### 7 INCOME TAX (continued)

Beijing Jiachenhong obtained its latest renewed certificate of HNTe on 30 October 2014 with an effective period of three years ended 31 December 2016. Upon the expiry or failure in renewal of HNTe certificate, the tax rate applied to Beijing Jiachenhong would be 25%. Subject to renewal, Beijing Jiachenhong's HNTe status will enable it to continue to enjoy the preferential income tax rate of 15% from 1 January 2017 to 31 December 2019. The Group believes that Beijing Jiachenhong meets all the criteria for the renewal of HNTe. Therefore, income tax expense of Beijing Jiachenhong for the periods ended 30 September 2017 and 2016 were calculated based on an income tax rate of 15%.

Guangzhou Nuoya obtained its latest renewed certificate of HNTe on 30 November 2016 with an effective period of three years ending 31 December 2018. Therefore, income tax expense of Guangzhou Nuoya for the periods ended 30 September 2017 and 2016 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 periods ended 30 September 2017 and 2016 were calculated based on an income tax rate of 15%.

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)/EARNINGS PER SHARE

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

The calculation of basic (loss)/earnings per share is based on consolidated loss attributable to ordinary equity shareholders of the Company of \$63,092,000 (2016: \$394,437,000) and weighted average of 2,966,140,000 Shares (2016: 2,966,140,000 Shares) in issue during the period, calculated as follows:

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

	Six months ended 30 September	
	2017 Number of Shares '000	2016 Number of Shares '000
Issued ordinary shares at beginning and end of period	2,966,140	2,966,140
<b>Weighted average number of Shares</b>	<b>2,966,140</b>	2,966,140

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

	Six months ended 30 September	
	2017 \$'000	2016 \$'000
(Loss)/profit attributable to equity shareholders		
– from continuing operations	(287,444)	(317,154)
– from discontinuing operation	224,352	(77,283)
	<b>(63,092)</b>	(394,437)

## NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT

(Expressed in Hong Kong dollars unless otherwise indicated)

### 8 (LOSS)/EARNINGS PER SHARE (continued)

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

##### (iii) Basic (loss)/earnings per share:

	Six months ended 30 September	
	2017	2016
Basic (loss)/earnings per share (in cents)		
– from continuing operations	<b>(9.69)</b>	(10.69)
– from discontinuing operation	<b>7.56</b>	(2.61)
	<b>(2.13)</b>	(13.30)

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

The calculations of diluted (loss)/earnings per share for the periods ended 30 September 2017 and 2016 were same as that of basic (loss)/earnings per share, and did not include the potential effects of deemed issuance of Shares under the Company's convertible notes during the periods as they have all an anti-dilutive effect on the basic (loss)/earnings per share amount for the respective periods.

## NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT

(Expressed in Hong Kong dollars unless otherwise indicated)

### 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 2017 and 31 March 2017 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 2017	1,192,734	1,496,026	2,688,760
Exchange adjustments	46,197	26,041	72,238
Cost adjustments	(58,632)	–	(58,632)
Additions	19,837	–	19,837
Disposals	(47)	–	(47)
Depreciation/amortisation charge for the period	(34,677)	(18,490)	(53,167)
<b>As at 30 September 2017</b>	<b>1,165,412</b>	<b>1,503,577</b>	<b>2,668,989</b>

	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	(77,935)	(42,918)	(120,853)
Additions	27,347	–	27,347
Disposals	(2,791)	–	(2,791)
Depreciation/amortisation charge for the year	(69,554)	(36,905)	(106,459)
<b>As at 31 March 2017</b>	<b>1,192,734</b>	<b>1,496,026</b>	<b>2,688,760</b>

## NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT

(Expressed in Hong Kong dollars unless otherwise indicated)

### 9 PROPERTY, PLANT AND EQUIPMENT (continued)

On 8 April 2016, Shanghai Baisuihang Pharmaceutical Company Limited (“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.

### 10 INVESTMENT IN FORTRESS GROUP LIMITED

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.

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 investment in Fortress as “non-current assets classified as held for sale” and transferred exchange reserve related to its investment in Fortress 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.

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

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

\* The English name is for identification purpose only.



## NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT

(Expressed in Hong Kong dollars unless otherwise indicated)

### 10 INVESTMENT IN FORTRESS GROUP LIMITED (continued)

Thereafter, the Group was informed that a dispute had 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 PAG, 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 certain 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 PAG.

Based on the information available as at 31 March 2015, the Company made an impairment provision of \$759,934,000 on its investment in Fortress as at 31 March 2015.

Since the receipt of the notice from PAG, the Company took actions to safeguard its interest, including seeking legal advice and negotiating with relevant parties to reach settlement agreements in order to maximise the recovery of its investment in Fortress.

On 3 November 2016, GM Investment, PAG and its assignee PAGAC Fortress Holding I Limited ("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 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) (the "PAG Settlement Sum") to PAGAC by instalments within 18 months. PAG will release and waive all of its claims against GM Investment upon receipt of the PAG Settlement Sum.

On 14 November 2016, GM Investment and Sanpower entered into a conditional settlement agreement (the "Sanpower Settlement Agreement"), pursuant to which, Sanpower agrees to pay a settlement sum of US\$300,000,000 (equivalent to approximately \$2,340,000,000) (the "Sanpower Settlement Sum") 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. The obligation of Sanpower to pay the Sanpower Settlement Sum under the Sanpower Settlement Agreement is guaranteed by Mr. Yuan Yafei, the controlling shareholder of Sanpower. Upon receipt of the Sanpower 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.

## NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT

(Expressed in Hong Kong dollars unless otherwise indicated)

### 10 INVESTMENT IN FORTRESS GROUP LIMITED (continued)

The PAG Settlement Agreement and the Sanpower Settlement Agreement (together as the “Fortress Settlement Agreements”) were approved by shareholders at the extraordinary general meeting of the Company held on 16 January 2017.

Further details of the Fortress Settlement Agreements are set out in the Company’s announcements dated 3 November 2016, 14 November 2016 and 1 March 2017, respectively, and Company’s circular dated 23 December 2016.

Upon the execution of the PAG Settlement Agreement and the Sanpower Settlement Agreement, a financial liability, namely “amounts due to PAGAC” and a financial asset, namely “amounts due from Sanpower”, being the present value of the PAG Settlement Sum and the Sanpower Settlement Sum had been recognised. The difference between the present values of the PAG Settlement Sum and the Sanpower Settlement Sum, being approximately US\$94,170,000 (equivalent to approximately \$734,525,000) at initial recognition had been recognised in the profit or loss for the year ended 31 March 2017 under the caption “reversal of impairment loss on investment in Fortress Group Limited”.

The movement of amounts due from Sanpower and amounts due to PAGAC are set out as below:

	At 30 September 2017		At 31 March 2017		Net Amount
	Amounts due from Sanpower (notes 11 and 13) \$'000	Amounts due to PAGAC (note 16) \$'000	Amounts due from Sanpower (notes 11 and 13) \$'000	Amounts due to PAGAC (note 16) \$'000	
At beginning of the period/year	1,518,498	(858,000)	–	–	
Initial recognition	–	–	2,138,525	(1,404,000)	734,525
Interest income (note 5)	57,758	–	3,973	–	
Settlements	–	–	(624,000)	546,000	(78,000)
At end of the period/year	1,576,256	(858,000)	1,518,498	(858,000)	
<b>Representing:</b>					
Current	773,062	(858,000)	332,135	(429,000)	
Non-current	803,194	–	1,186,363	(429,000)	
	1,576,256	(858,000)	1,518,498	(858,000)	

## 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 2017 \$'000	At 31 March 2017 \$'000
Trade receivables (note 13)	144,877	152,400
Investment deposit (i)	262,544	262,544
Amounts due from Sanpower (note 10)	803,194	1,186,363
Prepayments and deposits	15,544	5,258
	<b>1,226,159</b>	1,606,565
Reclassification to assets of disposal group classified as held for sale (note 22)	<b>(422,965)</b>	(420,202)
	<b>803,194</b>	1,186,363

- (i) Investment deposit as at 30 September 2017 and 31 March 2017 represented refundable earnest money for a potential healthcare investment.

## NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT

(Expressed in Hong Kong dollars unless otherwise indicated)

### 11 NON-CURRENT TRADE AND OTHER RECEIVABLES (continued)

Non-current trade receivables and amount due from Sanpower are due for payments as follows:

	At 30 September 2017			At 31 March 2017		
	Continuing Operations	Discontinuing Operation	Total	Continuing Operations	Discontinuing Operation	Total
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Fiscal year ending 31 March						
2019	858,000	19,357	877,357	858,000	37,227	895,227
2020	–	34,753	34,753	429,000	33,392	462,392
2021	–	31,043	31,043	–	29,827	29,827
2022	–	28,951	28,951	–	27,811	27,811
2023 and thereafter	–	151,500	151,500	–	146,245	146,245
Less: Unearned interest income	(54,806)	(40,089)	(94,895)	(100,637)	(42,328)	(142,965)
Allowance for doubtful debts	–	(80,638)	(80,638)	–	(79,774)	(79,774)
	803,194	144,877	948,071	1,186,363	152,400	1,338,763
Reclassification to assets of disposal group classified as held for sale	–	(144,877)	(144,877)	–	(152,400)	(152,400)
	803,194	–	803,194	1,186,363	–	1,186,363

## 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 2017 \$'000	At 31 March 2017 \$'000
<b>Non-current</b>		
Capitalised processing costs of donated umbilical cord blood units (i)	81,344	76,937
Reclassification to assets of disposal group classified as held for sale (note 22)	(81,344)	(76,937)
	–	–
<b>Current</b>		
Raw materials	38,378	29,033
Work in progress	8,818	10,176
Finished goods	16,591	6,558
	63,787	45,767
Reclassification to assets of disposal group classified as held for sale (note 22)	(34,043)	(25,191)
	29,744	20,576

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

## NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT

(Expressed in Hong Kong dollars unless otherwise indicated)

### 13 TRADE AND OTHER RECEIVABLES

	At 30 September 2017			At 31 March 2017		
	Continuing operations	Discontinuing operation (note 22)	Total	Continuing operations	Discontinuing operation (note 22)	Total
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Trade receivables	19,200	423,338	442,538	18,989	411,912	430,901
Less: Allowance for doubtful debts	(2,567)	(147,346)	(149,913)	(2,433)	(132,614)	(135,047)
	16,633	275,992	292,625	16,556	279,298	295,854
<b>Representing:</b>						
Non-current (note 11)	–	144,877	144,877	–	152,400	152,400
Current	16,633	131,115	147,748	16,556	126,898	143,454
Prepayments and deposits	6,663	425	7,088	7,104	417	7,521
Other receivables	126,906	26,075	152,981	110,887	20,645	131,532
Amounts due from Sanpower (note 10)	773,062	–	773,062	332,135	–	332,135
Total current trade and other receivables	923,264	157,615	1,080,879	466,682	147,960	614,642

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 2017			At 31 March 2017		
	Continuing operations \$'000	Discontinuing operation \$'000	Total \$'000	Continuing operations \$'000	Discontinuing operation \$'000	Total \$'000
Neither past due nor impaired	-	186,160	186,160	11,330	196,984	208,314
<b>Past due (net of allowance for doubtful debts)</b>						
Within six months	15,831	24,021	39,852	2,158	21,698	23,856
Between seven and twelve months	287	19,383	19,670	2,547	18,169	20,716
Over one year	515	46,428	46,943	521	42,447	42,968
	16,633	89,832	106,465	5,226	82,314	87,540
	16,633	275,992	292,625	16,556	279,298	295,854

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

	<b>At 30 September 2017 \$'000</b>	At 31 March 2017 \$'000
Deposits with original maturities over three months	<b>58,693</b>	56,383
Pledged bank deposits (i)	<b>262,237</b>	17,617
	<b>320,930</b>	74,000

- (i) The balance represents bank deposits of \$262,237,000 (31 March 2017: \$17,617,000) which was pledged for interest-bearing borrowings as at 30 September 2017 (note 17(a)).

### 15 CASH AND CASH EQUIVALENTS

Cash and cash equivalents comprise:

	<b>At 30 September 2017 \$'000</b>	At 31 March 2017 \$'000
Cash and cash equivalents in the consolidated statement of financial position and cash flow statement	<b>4,782,694</b>	4,397,306
Reclassification to assets of disposal group classified as held for sale (note 22)	<b>(4,610,025)</b>	(3,958,349)
	<b>172,669</b>	438,957



## NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT

(Expressed in Hong Kong dollars unless otherwise indicated)

### 16 TRADE AND OTHER PAYABLES

	At 30 September 2017			At 31 March 2017		
	Continuing operations	Discontinuing operation (note 22)	Total	Continuing operations	Discontinuing operation (note 22)	Total
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
<b>Non-current</b>						
Amounts due to PAGAC (note 10)	-	-	-	429,000	-	429,000
Other payables and accrued expenses	-	387,904	387,904	-	340,813	340,813
	-	387,904	387,904	429,000	340,813	769,813
<b>Current</b>						
Trade payables	26,607	15,407	42,014	47,866	13,032	60,898
Construction costs payables	714	-	714	1,617	-	1,617
Amounts due to PAGAC (note 10)	858,000	-	858,000	429,000	-	429,000
Earnest money received from Sanpower (i)	351,506	-	351,506	340,742	-	340,742
Other payables and accrued expenses	449,175	106,836	556,011	172,371	72,458	244,829
	1,686,002	122,243	1,808,245	991,596	85,490	1,077,086
	1,686,002	510,147	2,196,149	1,420,596	426,303	1,846,899

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 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(b)(ii)).

## 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:

	<b>At 30 September 2017 \$'000</b>	At 31 March 2017 \$'000
Due within three months or on demand	<b>42,014</b>	60,898
Reclassification to liabilities of disposal group classified as held for sale	<b>(15,407)</b>	(13,032)
	<b>26,607</b>	47,866

### 17 INTEREST-BEARING BORROWINGS

As at 30 September 2017 and 31 March 2017, the interest-bearing borrowings were repayable as follows:

	<b>At 30 September 2017 \$'000</b>	At 31 March 2017 \$'000
Within one year or on demand	<b>2,301,697</b>	2,822,725
After one year but within five years	<b>540,913</b>	–
	<b>2,842,610</b>	2,822,725

## NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT

(Expressed in Hong Kong dollars unless otherwise indicated)

### 17 INTEREST-BEARING BORROWINGS (continued)

At 30 September 2017 and 31 March 2017, the interest-bearing borrowings were secured as follows:

	Note	At 30 September 2017 \$'000	At 31 March 2017 \$'000
<b>Bank loans</b>	(a)		
– secured		772,140	–
– unsecured		–	383,188
		772,140	383,188
<b>Secured promissory notes</b>	(b)	2,070,470	2,439,537
		2,842,610	2,822,725

#### (a) Bank Loans

##### **Secured bank loans**

In May 2017 and June 2017, the Company borrowed bank loans for working capital use. As at 30 September 2017, carrying amount of the loans was \$772,140,000. Such bank loans were measured at amortised costs net of transaction costs paid. The bank loans were pledged with bank deposits, as at 30 September 2017, bank deposits of \$262,237,000 were deposited to the accounts of the borrowing banks as disclosed in note 14.

##### **Unsecured bank loans**

As at 31 March 2017, the bank loans of the Company of \$383,188,000 (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 Company entered into an amendment and waiver deed with relevant banks in August 2016, additional security were given in the form of (i) equity pledge by three of the subsidiaries of the Group, namely, Golden Meditech Herbal Treatment (BVI) Company Limited, Qi Jie Yuan Medicine Holding (HK) Limited and Baisuihang and (ii) personal guarantee provided by Mr. Kam Yuen ("Mr. Kam"). The Guaranteed Bank Loans were measured at amortised cost net of transaction costs paid. The Guaranteed Bank Loans were fully repaid in April 2017.

## NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT

(Expressed in Hong Kong dollars unless otherwise indicated)

### 17 INTEREST-BEARING BORROWINGS (continued)

#### (a) Bank Loans (continued)

##### *Unsecured bank loans (continued)*

Pursuant to the Guaranteed Bank Loans agreement, the Company shall maintain interest reserve accounts for the Guaranteed Bank Loans and ensure that an amount of not less than twice of the aggregate interest due and payable on the next interest payment date is maintained in the interest reserve accounts. As at 31 March 2017, bank deposits of \$17,617,000 were deposited in the interest reserve accounts as disclosed in note 14.

#### (b) Secured promissory notes

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

In December 2015 and January 2016, COM Company Limited had fully issued the Original 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 Original Promissory Notes bore an interest rate of 5% per annum and would be adjusted to 12% in the events specified under the Original Promissory Notes. Except in certain circumstances, Blue Ocean would 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 would be included as part of its internal rate of return calculation. Subsequently, the issuer of the Original Promissory Notes was changed from COM Company Limited to GMSC and in January 2016, GMSC had fully issued one promissory note in a principal amount of US\$250,000,000 (the “Promissory Note”) on substantially the same terms as, and in replacement of, the Original Promissory Notes.

The Promissory Note was secured by (i) personal guarantee provided by Mr. Kam, (ii) a guarantee provided by GMSC, (iii) a guarantee provided by the Company and (iv) 38,352,612 ordinary shares of CCBC and convertible notes issued by CCBC with an aggregate principal amount of US\$115,000,000 (equivalent to approximately \$897,000,000), held by GMSC, and/or any ordinary shares of CCBC held by GMSC as a result of the conversion of such convertible notes. On 6 April 2017, the convertible notes held by GMSC were fully converted to 40,521,494 ordinary shares of CCBC.

## NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT

(Expressed in Hong Kong dollars unless otherwise indicated)

### 17 INTEREST-BEARING BORROWINGS (continued)

#### (b) Secured promissory notes (continued)

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

Pursuant to certain terms of the Promissory Note, the Group does not have an unconditional right to defer the settlement of the Promissory Note for at least 12 months after the reporting period. Thus, the Group recorded the Promissory Note as current liabilities as at 30 September 2017 and 31 March 2017.

During the year ended 31 March 2017, the Group failed to meet certain events required in the Promissory Note. Accordingly, the Group engaged in negotiations with Blue Ocean on the redemption of the Promissory Note. As at 31 March 2017, the Group revised its estimates of the timing and amounts of the repayments of Promissory Note calculated by using a higher internal rate of return of 22% in accordance with the terms and conditions under the Promissory Note. Accordingly, the Group adjusted the carrying amount of the Promissory Note as at 31 March 2017 to reflect revised estimated cash flows with a corresponding loss of \$206,760,000 recognised in finance costs.

During the period ended 30 September 2017, the Group redeemed \$454,649,000 of the Promissory Note and obtained an understanding from Blue Ocean, that it will not require the Group to redeem the remaining outstanding principal of the Promissory Note until a definite binding agreement has been reached between the parties. During the period ended 30 September 2017, the Group continued to calculate interest expenses based on the higher internal rate of return of 22%.

The movements of the Promissory Note is as follows:

	<b>At 30 September 2017 \$'000</b>	At 31 March 2017 \$'000
<b>At beginning of the period/year</b>	<b>2,439,537</b>	2,011,151
Interest charged	<b>176,933</b>	525,886
Interest paid	<b>(91,351)</b>	(97,500)
Repayment of principal	<b>(454,649)</b>	–
<b>At end of the period/year</b>	<b>2,070,470</b>	2,439,537

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

## NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT

(Expressed in Hong Kong dollars unless otherwise indicated)

### 18 OBLIGATIONS UNDER FINANCE LEASES

At 30 September 2017 and 31 March 2017, the Group had obligations under finance leases repayable as follows:

	At 30 September 2017		At 31 March 2017	
	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	3,052	3,188	3,341	3,365
After one year but within two years	2,643	2,997	2,976	3,220
After two years but within five years	6,553	8,804	6,569	8,457
After five years	9,008	17,608	10,134	19,734
	<b>18,204</b>	<b>29,409</b>	19,679	31,411
	<b>21,256</b>	<b>32,597</b>	23,020	34,776
Less: Total future interest expenses		(11,341)		(11,756)
<b>Present value of lease obligations</b>		<b>21,256</b>		23,020

## 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

As at 30 September 2017 and 31 March 2017, the financial liabilities at fair value through profit or loss recognised in the consolidated statement of financial position represent the convertible notes issued by the Company.

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

	At 30 September 2017 \$'000	At 31 March 2017 \$'000
<b>At beginning of the period/year</b>	<b>158,088</b>	155,339
Interest paid on convertible notes	<b>(4,680)</b>	(9,360)
Changes in fair value of financial liabilities at fair value through profit or loss	<b>2,452</b>	12,109
<b>At end of the period/year</b>	<b>155,860</b>	158,088

As at 30 September 2017, 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 2017: \$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.

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

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

## 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 (continued)

On 15 July 2015 and 26 October 2015, following the completion of placing of Shares and open offer, 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 a 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 and the adjustment of certain financial covenants. In addition, the Company agreed to pay a fee of US\$600,000 (equivalent to approximately \$4,680,000) to Gem Power, which was recognised in finance costs for the year ended 31 March 2017, as consideration to Gem Power for entering into the deed of variation.

As at 30 September 2017 and 31 March 2017, 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 2017, the convertible notes with a principal amount of US\$20,000,000 (equivalent to approximately \$156,000,000) remained outstanding.

The convertible notes issued by the Company is subject to the fulfilment of covenants relating to certain specific performance requirements on the Group. If the Group were to breach the covenants, drawn down would become payable on demand calculated by a formula specified in the original subscription agreement. As at 30 September 2017 and 31 March 2017, none of the covenants had been breached.

On 13 November 2017, the Company redeemed the convertible notes by paying the total amount of approximately US\$25,226,000 (equivalent to approximately \$196,763,000), being the aggregate principal amount of the convertible notes outstanding plus a premium representing an internal rate of return of 12% per annum on the principal amount of the convertible notes together with all accrued and outstanding interest as of the maturity date of the convertible notes.

Further details of the convertible notes, conversion price adjustments, the amendments of terms and conditions to the convertible notes and redemption of the convertible notes are set out in the Company's announcements dated 22 October 2014, 15 July 2015, 23 October 2015, 27 October 2016 and 13 November 2017.



## 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

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) 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.

As at 31 March 2017, GMSC was the sole noteholder of the convertible notes issued by CCBC with an aggregate principal amount of US\$115,000,000 (equivalent to approximately \$897,000,000).

On 6 April 2017, such convertible notes were fully converted to 40,521,494 ordinary shares of CCBC (the "Conversion"), representing 33.6% of the enlarged share capital of CCBC. After the Conversion and as at 30 September 2017, GMSC holds an aggregate of 78,874,106 CCBC ordinary shares, representing approximately 65.4% of the entire issued and outstanding share capital of CCBC.

Further details of the terms and conditions of the convertible notes and the Conversion are set out in the Company's announcements dated 18 September 2012 and 6 April 2017.

## NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT

(Expressed in Hong Kong dollars unless otherwise indicated)

### 20 CAPITAL AND DIVIDENDS

#### (a) Share capital

	At 30 September 2017		At 31 March 2017	
	Number of Shares '000	Amount \$'000	Number of Shares '000	Amount \$'000
<b>Authorised:</b> Shares	5,000,000	1,000,000	5,000,000	1,000,000
<b>Issued and fully paid:</b>	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.

#### (b) Dividends and distributability of reserves

The directors do not recommend the payment of a dividend in respect of the period ended 30 September 2017 (period ended 30 September 2016: \$nil).

### 21 ACQUISITIONS AND PROPOSED DISPOSALS

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

On 18 July 2014, GM Hospital Management (China) Company Limited ("GMHM (China)", a wholly-owned subsidiary of GMHG), 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 settled by instalments. \$53,776,000, \$50,000,000 and \$50,000,000 were paid during the years ended 31 March 2015, 2016 and 2017, respectively. As at 31 March 2017, total consideration has been settled.

## NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT

(Expressed in Hong Kong dollars unless otherwise indicated)

### 21 ACQUISITIONS AND PROPOSED DISPOSALS (continued)

#### (b) Proposed disposals of the Target CCBC Shares

##### (i) *Previous agreements*

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 (the "Agreement A") with Nanjing Xinbai, pursuant to which, GMSC conditionally agreed to sell, and Nanjing Xinbai conditionally agreed to acquire 65.4% ordinary shares of CCBC ("the Target CCBC Shares"), at a consideration of RMB5,764,000,000 (the "Consideration A"). Consideration A shall be settled by Nanjing Xinbai by way of (i) issue of the RMB-denominated 134,336,378 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 and (ii) payment of cash consideration of RMB3,264,000,000.

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

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

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 (the "Consideration B"), if the privatisation of CCBC is completed. 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 A, the Previous Profit Compensation Agreement and the Agreement B (together as the "Previous Agreements"). Further details of the above transactions are set out in the Company's announcements dated 13 January 2016 and 2 February 2016 and the Company's circular dated 26 May 2016, respectively.

## NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT

(Expressed in Hong Kong dollars unless otherwise indicated)

### 21 ACQUISITIONS AND PROPOSED DISPOSALS (continued)

#### (b) Proposed disposals of the Target CCBC Shares (continued)

##### (ii) *Earnest money agreements*

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 the Target CCBC Shares, on 1 September 2016, the Company entered into the Earnest Money Agreement with Sanpower, pursuant to which, (a) Sanpower has paid to the Group an earnest money of RMB300,000,000 in cash to facilitate the sale and purchase of the Target CCBC Shares under the Agreement A or pursuant to alternative arrangement(s); and (b) the parties will use their best reasonable endeavours to enter into legally binding agreement(s) for the purposes of the alternative proposal within two months after the signing of the Earnest Money Agreement or such later period as the parties may agree. The earnest money paid to the Company by Sanpower will be fully refunded upon completion of the proposed disposal of the Target CCBC Shares.

On 31 October 2016, the Company and Sanpower entered into a supplementary agreement to the Earnest Money Agreement, pursuant to which, two months' period referred to in paragraph above had been extended to four months.

On 30 December 2016, the Company and Sanpower entered into the second supplementary agreement in relation to the Earnest Money Agreement, pursuant to which the Company shall return the earnest money to Sanpower within three business days from the earlier of (i) the date on which the consideration of the proposed disposal of the Target CCBC Shares is paid into a non-escrow bank account designated by GMSC; and (ii) the date on which the escrow money (in the same amount as the consideration of the proposed disposal of the Target CCBC Shares) is paid into a non-escrow bank account of GMSC (or its onshore affiliate) designated by GMSC.

Further details of the Earnest Money Agreement and the supplementary agreements are set out in the Company's announcements dated 1 September 2016, 31 October 2016 and 30 December 2016.

# NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT

(Expressed in Hong Kong dollars unless otherwise indicated)

## 21 ACQUISITIONS AND PROPOSED DISPOSALS (continued)

### (b) Proposed disposals of the Target CCBC Shares (continued)

#### (iii) New agreements

On 30 December 2016, GMSC, the Company and Nanjing Xinbai entered into termination agreements to terminate the Previous Agreements.

On 30 December 2016, GMSC and the Company (as guarantor) entered into a new sale and purchase agreement (the "New Agreement") with Nanjing Ying Peng Hui Kang Medical Industry Investment Partnership (Limited Partnership)\* (南京盈鵬蕙康醫療產業投資合夥企業(有限合夥)) ("Nanjing Ying Peng"), pursuant to which, GMSC conditionally agreed to sell and Nanjing Ying Peng conditionally agreed to acquire the Target CCBC Shares at a cash consideration of RMB5,764,000,000, as same as the Consideration A.

In connection with the New Agreement, GMSC and Nanjing Ying Peng entered into a new profit compensation agreement dated 30 December 2016 (the "New Profit Compensation Agreement"), pursuant to which, GMSC guarantees that CCBC's net profit as defined in the New Compensation Agreement for the Commitment Period shall be not less than the Guaranteed CCBC Net Profit.

If CCBC fails to meet the Guaranteed CCBC Net Profit, GMSC is required to pay the compensation amount by cash calculated as follow:

Accumulated Guaranteed CCBC Net Profit for the Commitment Period	–	Accumulated achieved CCBC Net Profit for the Commitment Period	X	RMB2,500,000,000
Accumulated Guaranteed CCBC Net Profit for the Commitment Period				

At the extraordinary general meeting of the Company held on 22 March 2017, shareholders approved the above-mentioned termination agreements, the New Agreement and the New Profit Compensation Agreement. Further details of the termination agreements, the New Agreement and the New Profit Compensation are set out in the Company's announcement dated 30 December 2016 and the Company's circular dated 6 March 2017.

On 29 September 2017, the effective conditions as specified under the New Agreement have been fulfilled and the New Agreement has become effective. Further details are set out in the Company's announcement dated 29 September 2017.

The New Agreement has not been completed at the date of this report.

\* The English name is for identification purpose only.

## NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT

(Expressed in Hong Kong dollars unless otherwise indicated)

### 21 ACQUISITIONS AND PROPOSED DISPOSALS (continued)

#### (b) Proposed disposals of the Target CCBC Shares (continued)

##### **(iv) Termination of the privatisation of CCBC**

On 13 April 2017, the Company received a letter from the board of directors of CCBC and was informed that in view of the development regarding the Company's beneficial ownership in CCBC, including but not limited to the Group's disposal of the Target CCBC Shares, the Group's future plans regarding CCBC after the disposal is completed and the overall viability of the privatisation, the board of directors of CCBC has resolved to terminate any further evaluation of or negotiation regarding the privatisation of CCBC. As such, the Company will not continue to pursue the privatisation.

Further details are set out in the Company's announcement dated 13 April 2017.

##### **(v) Supplemental agreement**

On 14 November 2017, the Company and Nanjing Ying Peng entered into a supplemental agreement (the "Supplemental Agreement"), pursuant to which, (i) the completion date of the New Agreement has been extended to 31 December 2017 ("First Extension"); and (ii) in the event that the completion does not take place on or before the First Extension, the completion date will be further extended to 31 January 2018 ("Further Extension"), and Nanjing Ying Peng shall pay an extension fee of US\$10,000,000 (equivalent to approximately \$78,000,000).

Further details are set out in the Company's announcement dated 14 November 2017.

## NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT

(Expressed in Hong Kong dollars unless otherwise indicated)

### 22 DISPOSAL GROUP HELD FOR SALE AND DISCONTINUING OPERATION

As mentioned in note 21(b), during the year ended 31 March 2017, the Group terminated the Previous Agreements under certain circumstances and entered into the New Agreement and the New Profit Compensation Agreement to further facilitate the disposal of the Target CCBC Shares. Management considered that it is highly probable the carrying amount of CCBC will be reversed through the New Agreement rather than through continuing use and the disposal group is available for sale in its present condition. In addition, the operation of CCBC is considered as separate major line of business. Accordingly, the criteria of disposal group held for sale and discontinuing operation are still met. As a result, management continue to classify the assets and liabilities of CCBC as disposal group held for sale and accounted for the operations of CCBC as a discontinuing operation in the consolidated financial statements for the period/year ended 30 September 2017 and 31 March 2017.

Assets of disposal group classified as held for sale as at 30 September 2017 and 31 March 2017 are as follows:

	Note	At 30 September 2017 \$'000	At 31 March 2017 \$'000
Property, plant and equipment		712,685	672,038
Intangible assets		143,110	137,728
Goodwill		66,663	66,663
Available-for-sale securities		418,371	453,410
Inventories	12	115,387	102,128
Trade and other receivables	11 and 13	580,580	568,162
Cash and cash equivalents	15	4,610,025	3,958,349
Deferred tax assets		32,845	27,624
		<b>6,679,666</b>	5,986,102

## NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT

(Expressed in Hong Kong dollars unless otherwise indicated)

### 22 DISPOSAL GROUP HELD FOR SALE AND DISCONTINUING OPERATION

(continued)

Liabilities of disposal group classified as held for sale as at 30 September 2017 and 31 March 2017 are as follows:

	Note	At 30 September 2017 \$'000	At 31 March 2017 \$'000
Trade and other payables	16	510,147	426,303
Income tax payables		15,605	12,836
Deferred income		2,469,341	2,135,245
		<b>2,995,093</b>	2,574,384



## NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT

(Expressed in Hong Kong dollars unless otherwise indicated)

### 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:

		<b>Six months ended</b>	
		<b>30 September</b>	
	Note	<b>2017</b>	2016
		<b>\$'000</b>	\$'000
Revenue	4	<b>531,588</b>	419,785
Cost of sales*		<b>(84,868)</b>	(69,833)
<b>Gross profit</b>		<b>446,720</b>	349,952
Other income	5	<b>14,911</b>	11,241
Selling expenses*		<b>(113,541)</b>	(89,695)
Administrative expenses*		<b>(119,599)</b>	(105,036)
<b>Profit from operations</b>		<b>228,491</b>	166,462
Finance costs	6(a)	–	(1,727)
Changes in fair value of financial instruments at fair value through profit or loss <sup>#</sup>		–	–
<b>Profit before taxation</b>	6	<b>228,491</b>	164,735
Income tax expense	7	<b>(35,706)</b>	(29,254)
<b>Profit for the period from discontinuing operation*</b>		<b>192,785</b>	135,481

\* No depreciation of property, plant and equipment and amortisation of intangible assets was charged to profit from discontinuing operation after reclassification to assets of disposal group classified as held for sale on 31 March 2016.

<sup>#</sup> During the period ended 30 September 2017, changes in fair value of financial liabilities at fair value through profit or loss include consolidated adjustments amounting to \$174,617,000 (During the period ended 30 September 2016: (\$310,388,000)).

## NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT

(Expressed in Hong Kong dollars unless otherwise indicated)

### 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	
	2017 \$'000	2016 \$'000
Net cash generated from operating activities	512,539	381,582
Net cash used in investing activities	(17,669)	(93,739)
Net cash used in financing activities	(1,744)	(135,047)
Net cash generated from discontinuing operation	493,126	152,796

### 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

## NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT

(Expressed in Hong Kong dollars unless otherwise indicated)

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

#### (a) Fair value hierarchy (continued)

	Fair value at 30 September 2017 \$'000	Fair value measurements at 30 September 2017 categorised into		
		Level 1 \$'000	Level 2 \$'000	Level 3 \$'000
<b>Assets</b>				
Available-for-sale securities	19,282	72	–	19,210
Derivative financial assets				
– warrant issued by an associate	4,236	–	–	4,236
<b>Liabilities</b>				
Financial liabilities at fair value through profit or loss				
– convertible notes	155,860	–	–	155,860

	Fair value at 31 March 2017 \$'000	Fair value measurements at 31 March 2017 categorised into		
		Level 1 \$'000	Level 2 \$'000	Level 3 \$'000
<b>Assets</b>				
Available-for-sale securities	18,806	175	–	18,631
Derivative financial assets				
– warrant issued by an associate	5,729	–	–	5,729
<b>Liabilities</b>				
Financial liabilities at fair value through profit or loss				
– convertible notes	158,088	–	–	158,088

During the period/year ended 30 September 2017 and 31 March 2017, 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.

## NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT

(Expressed in Hong Kong dollars unless otherwise indicated)

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

#### (b) Information about Level 3 fair value measurements

The estimates of the fair value of the convertible notes issued by the Company and the warrant issued by an associate are measured using a binomial lattice model and Black-Scholes model, respectively with the following assumptions:

	At 30 September 2017	At 31 March 2017
<b>Convertible notes</b>		
Share price	<b>\$1.11</b>	\$1.26
Expected volatility	<b>21.54%</b>	21.54%
Expected dividends	<b>0.00%</b>	0.00%
Risk-free interest rate	<b>0.95%</b>	0.95%
<b>Warrant</b>		
Share price	<b>US\$2.739</b>	US\$2.905
Expected volatility	<b>69.20%</b>	61.55%
Expected dividends	<b>0.00%</b>	0.00%
Risk-free interest rate	<b>1.29%</b>	0.73%

The movements during the period/year of the convertible notes issued by the Company 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 2017 and 31 March 2017 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 \$59,499,000 (31 March 2017: \$59,465,000) 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.

## NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT

(Expressed in Hong Kong dollars unless otherwise indicated)

### 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:

	<b>At 30 September 2017 \$'000</b>	At 31 March 2017 \$'000
Contracted for	<b>1,596</b>	1,635

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

	<b>At 30 September 2017 \$'000</b>	At 31 March 2017 \$'000
Within 1 year	<b>12,797</b>	15,546
After 1 year but within 5 years	<b>4,808</b>	11,609
	<b>17,605</b>	27,155

The Group leases a number of properties under operating leases. The leases typically run for an initial period of one to five years, with an option to renew the leases upon expiry when all terms are renegotiated. None of the leases includes contingent rentals.

## NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT

(Expressed in Hong Kong dollars unless otherwise indicated)

### 25 NON-ADJUSTING EVENTS AFTER THE REPORTING PERIOD

- (a) On 16 October 2017, the debt capitalisation agreement entered into between Life Corporation Limited (“LFC”) and GM Investment has been completed. Accordingly, the outstanding principal of, and interests accrued on the convertible bonds issued by LFC to GM Investment, totaling S\$3,787,500, were fully converted into 721,428,571 LFC ordinary shares at the conversion price of A\$0.005 (equivalent to S\$0.00525) per share. Upon completion, the Group holds 48.58% equity interests in LFC; which will be accounted for as a joint venture of the Group.

Further details are set out in the Company’s announcements dated 30 June 2017, 22 August 2017 and 9 October 2017.

- (b) On 6 November 2017, GM Investment entered into a loan agreement with Life Corporation Services (S) Pte. Ltd. (“LFC Services”, a wholly owned subsidiary of LFC), pursuant to which GM Investment agreed to grant to LFC Services a loan facility in the principal amount of S\$5,000,000 at the interest rate of 9% per annum for a term of three years. The provision of the loan facility is to finance the on-going development of an automated columbarium in Singapore.

Further details are set out in the Company’s announcement dated 6 November 2017.

- (c) As disclosed in note 19(a), on 13 November 2017, the Company redeemed the convertible notes by paying the total amount of approximately US\$25,226,000 (equivalent to approximately \$196,763,000), being the aggregate principal amount of the convertible notes outstanding plus a premium representing an internal rate of return of 12% per annum on the principal amount of the convertible notes together with all accrued and outstanding interest as of the maturity date of the convertible notes.

Further details are set out in the Company’s announcement dated 13 November 2017.

- (d) As disclosed in note 21(b)(v), on 14 November 2017, the Company and Nanjing Ying Peng entered into the Supplemental Agreement, pursuant to which, the completion date of the New Agreement has been extended to 31 December 2017; and will be further extended to 31 January 2018 if the completion does not take place on or before the First Extension. In the event of Further Extension, Nanjing Ying Peng shall pay an extension fee of US\$10,000,000 (equivalent to approximately \$78,000,000).

Further details are set out in the Company’s announcements dated 14 November 2017.

# 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 2017, 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

Name of Directors	Capacity and nature of interests	Long positions Number of ordinary shares of HK\$0.20 each (the "Shares")			Approximate percentage of the Company's issued share capital
		Number of Shares	Number of underlying Shares held under equity derivatives	Total interests	
Mr. KAM Yuen ("Mr. Kam")	Founder of trusts	1,118,269,526 <sup>(1)</sup>	–	1,118,269,526	37.70%
	Interest of controlled corporation	968,774,034 <sup>(2)</sup>	–	968,774,034	32.66%
Mr. KONG Kam Yu	Beneficial owner	240	–	240	0.0000081%

Notes:

- (1) Mr. Kam was deemed under the SFO to have an interest in 1,118,269,526 Shares which Bio Garden Inc. ("Bio Garden") was interested in as at 30 September 2017 (the "Bio Garden Shares") by virtue of him being the founder of certain discretionary trusts which owned the entire issued share capital of Bio Garden.
- (2) Mr. Kam was deemed under the SFO to have an interest in 968,774,034 Shares which Magnum Opus 3 International Holdings Limited ("Magnum 3") was interested in as at 30 September 2017 by virtue of him owning 100% voting ordinary shares of Magnum 3.

## DISCLOSURE OF INTERESTS

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

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

Name of Directors	Capacity and nature of interests	Number of ordinary shares of US\$0.0001 each		Approximate percentage of the issued share capital of CCBC
		Number of shares	Total interests	
Ms. ZHENG Ting	Founder of the trust	2,275,700 <sup>(Note)</sup>	2,275,700 <sup>(Note)</sup>	1.89%

Note:

Ms. Zheng Ting was deemed under the SFO to have an interest in 2,275,700 ordinary shares in CCBC owned by a discretionary trust, of which Ms. Zheng Ting is the founder of the discretionary trust, Ms. Zheng may be deemed to beneficially own such shares, which beneficial ownership has been disclaimed by Ms. Zheng.

Save as disclosed above, as at 30 September 2017, 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 scheme of the Company adopted on 30 March 2005 (the "Previous Share Option Scheme") are summarised in note 34(a) to the financial statements as included in the annual report of the Company for the year ended 31 March 2017. The Previous Share Option Scheme has been terminated. In respect of the share options previously granted and which remained exercisable on or before the date of termination, they shall continue to be exercisable subject to the terms of the Previous Share Option Scheme.

On 13 January 2017, on behalf of the Magnum 3, China Minsheng Banking Corp., Ltd. made the voluntary conditional cash offers to acquire all the issued Shares, all the outstanding convertible notes issued by the Company and to cancel all the outstanding options of the Company (the "Voluntary Cash Offers"). Pursuant to the terms of the Previous Share Option Scheme, if a general offer is made to all the shareholders and such offer becomes or is declared to be unconditional during the option period, the independent option holders shall be entitled to exercise the share options to the full extent at any time thereafter and up to the close of such offer. All unexercised share options shall lapse upon to the close of such offer.

The Voluntary Cash Offers was closed on 10 April 2017 and all the share options have been cancelled/lapsed.

A summary of share options granted under the Previous Share Option Scheme is as follows:

Name of Directors and employees	Date of grant	Number of	Number of	Number of	Adjusted exercise price HK\$	
		underlying Shares in respect of which share options were outstanding as at 1 April 2017	underlying Shares in respect of which share options were lapsed under the Voluntary Cash Offers during the six months ended 30 September 2017	underlying Shares in respect of which share options were exercised during the six months ended 30 September 2017		underlying Shares in respect of which share options were outstanding as at 30 September 2017
Mr. Kam	27 April 2009 <sup>(Note)</sup>	2,197,530	(2,197,530)	–	–	1.989
Full-time employees (other than Directors)	27 April 2009 <sup>(Note)</sup>	11,778,759	(11,778,759)	–	–	1.989
		13,976,289	(13,976,289)	–	–	

## DISCLOSURE OF INTERESTS

### SHARE OPTION SCHEMES (continued)

Note: 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.

Save as disclosed above, no share options granted under the Previous Share Option Scheme were exercised, cancelled or lapsed during the six months ended 30 September 2017.

On 27 September 2017, the shareholders of the Company approved the adoption of a new share option scheme (the “2017 Share Option Scheme”) to enable the Company to grant share options to selected eligible participants as incentives or rewards for their contribution or potential contribution to the development and the growth of the Group. The 2017 Share Option Scheme shall be valid and effective for a period of 10 years from the date of adoption. As at the date of this report, no share options were granted under the 2017 Share Option Scheme.

### 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 2017, 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

<b>Name</b>	<b>Capacity and nature of interest</b>	<b>No. of issued Shares/ underlying Shares</b>	<b>Approximate percentage of the Company's issued share capital</b>
Bio Garden <sup>(1)</sup>	Beneficial owner	1,118,269,526 <sup>(4)</sup>	37.70%
Magic Master Holdings Limited ("Magic Master") <sup>(2)</sup>	Interest of controlled corporation	1,118,269,526 <sup>(4)</sup>	37.70%
Magic Glory Holdings Limited ("Magic Glory") <sup>(2)</sup>	Interest of controlled corporation	1,118,269,526 <sup>(4)</sup>	37.70%
Credit Suisse Trust Limited <sup>(2)</sup>	Trustee	1,118,269,526 <sup>(4)</sup>	37.70%
Fiducia Suisse SA (Formerly known as "KF Suisse SA") <sup>(3)</sup>	Trustee	1,118,269,526 <sup>(4)</sup>	37.70%
Mr. David Henry Christopher Hill <sup>(3)</sup>	Interest of controlled corporation	1,118,269,526 <sup>(4)</sup>	37.70%
Mrs. Rebecca Ann Hill <sup>(3)</sup>	Interest of children under 18 or spouse	1,118,269,526 <sup>(4)</sup>	37.70%
Magnum 3 <sup>(5)</sup>	Beneficial owner	968,774,034	32.66%

## DISCLOSURE OF INTERESTS

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

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

Name of other persons who have more than 5% interests	Capacity and nature of interest	No. of issued Shares/ underlying Shares	Approximate percentage of the Company's issued share capital
Ms. Liu Yang <sup>(6)</sup>	Interest of controlled corporation	295,200,701	9.95%
Atlantis Capital Holdings Limited <sup>(6)</sup>	Interest of controlled corporation	295,200,701	9.95%
Atlantis Investment Management (Hong Kong) Limited ("Atlantis") <sup>(6)</sup>	Beneficial owner	295,200,701	9.95%
Riverwood Asset Management (Cayman) Ltd. ("Riverwood") <sup>(6)</sup>	Investment manager	209,984,325	7.08%

## 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 represent the same block of Shares.
- (5) Magnum 3 is an investment holding company incorporated in BVI, which (i) is 100% owned as to its voting ordinary shares by Mr. Kam and (ii) has issued non-voting convertible and non-convertible preferred shares to Qin Wall Investment Holdings Limited. Mr. Kam is also one of the directors of Magnum 3.
- (6) 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.

Save as disclosed above, as at 30 September 2017, the Directors are not aware of any other person (other than Directors or the chief executives of the Company) 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 2017, 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 2017, 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 2017.

## 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

### CHANGE IN INFORMATION OF DIRECTORS AND CHIEF EXECUTIVES

There is no change in the information of the Directors and chief executives since the publication of the annual report of the Company for the year ended 31 March 2017 required to be disclosed pursuant to Rule 13.51B(1) of the Listing Rules.

### 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 2017.

By order of the Board

**KAM Yuen**

*Chairman*

HONG KONG, 30 November 2017

# CORPORATE INFORMATION

## EXECUTIVE DIRECTORS

Mr. KAM Yuen (*Chairman*)  
Mr. KONG Kam Yu

## 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

## HEAD OFFICE AND PRINCIPAL PLACE OF BUSINESS IN THE PRC

No. 11 Wan Yuan Street  
Beijing Economic Technological Development Area  
Beijing, 100176 China

## PRINCIPAL PLACE OF BUSINESS IN HONG KONG

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

## PLACE OF LISTING AND STOCK CODE

The Stock Exchange of Hong Kong Limited  
Stock Code: 801

Taiwan Stock Exchange Corporation  
Taiwan depository 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 and  
Shanghai Branch  
China Everbright Bank Hong Kong Branch

### INVESTOR RELATIONS OFFICER

Ms. Joanna Rui, Investor Relations Manager  
Email: [ir@goldenmeditech.com](mailto:ir@goldenmeditech.com)

### WEBSITE

[www.goldenmeditech.com](http://www.goldenmeditech.com)