GOLDEN MEDITECH HOLDINGS LIMITED
金衛醫療集團有限公司
(Incorporated in the Cayman Islands with limited liability)
(Stock Code: 00801)

ANNUAL RESULTS FOR THE YEAR ENDED 31 MARCH 2019 AND CLOSURE OF REGISTER OF MEMBERS FOR DETERMINING ENTITLEMENT TO ATTEND THE ANNUAL GENERAL MEETING

ANNUAL RESULTS FOR THE YEAR ENDED 31 MARCH 2019

The board of directors (the "**Board**") of Golden Meditech Holdings Limited (the "**Company**", together with its subsidiaries, the "**Group**") submitted herewith the consolidated audited results of the Company and its subsidiaries for the twelve months ended 31 March 2019. This announcement, containing the full text of the 2018/2019 Annual Report of the Company, is prepared with reference to the relevant requirements of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited in relation to announcements of annual results. Printed version of the Company's 2018/2019 Annual Report is also available for viewing on the websites of Hong Kong Exchanges and Clearing Limited at http://www.hkex.com.hk and of the Company at http://www.goldenmeditech.com.

DIVIDEND

The Board did not recommend the payment of a final dividend in respect of the year ended 31 March 2019. The Board will re-visit the Group's future capital need and consider the possibility of declaring dividend in future.

CLOSURE OF REGISTER OF MEMBERS FOR DETERMINING ENTITLEMENT TO ATTEND THE ANNUAL GENERAL MEETING TO BE HELD ON 26 SEPTEMBER 2019 (THE "AGM")

The register of members of the Company will be closed from Monday, 23 September 2019 to Thursday, 26 September 2019, both days inclusive, during which period no transfer of shares will be registered. In order to determine who are entitled to attend the AGM, all transfer of shares accompanied by the relevant share certificates must be lodged with the Company's branch share registrar and transfer office in Hong Kong, Computershare Hong Kong Investor Services Limited at Shops 1712–1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong no later than 4:30 p.m. on Friday, 20 September 2019.

By order of the Board
Golden Meditech Holdings Limited
Feng Wen
Chairman

Hong Kong, 28 June 2019

As at the date of this announcement, the Board comprises five directors. The executive directors are Mr. Feng Wen (Chairman) and Mr. Leong Kim Chuan (Chief executive); and the independent non-executive directors are Mr. Gao Yue, Mr. Poon Tsz Hang 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)

ANNUAL REPORT 2018/19

ENHANCING SHAREHOLDERS' VALUE

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CORPORATE PROFILE

Golden Meditech Holdings Limited (the "Company" or "Golden Meditech"; 801.HK), 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, healthcare expertise, rigorous 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

The Group currently owns three top-quality hospitals in Beijing and Shanghai. Beijing Qinghe Hospital is a general hospital with various faculties, specialised in haematology treatments. Beijing Sunbow Obstetrics & Gynecology Hospital is a world-class obstetrics and gynecology hospital, providing obstetrics, gynecology and pediatric medical services at international standards. Leveraging on its well-known brand and sound reputation, Shanghai East International Medical Center provides premium healthcare services to the affluent people in Shanghai and the surrounding neighbourhoods.

GM-Medicare Management (China) Company Limited, a subsidiary of the Group, is a leading information technology solution provider in healthcare insurance sector in Mainland China. It provides operation and information technology solutions to insurance companies and healthcare institutions.

Equipped with world-class advanced technology and equipment, Shanghai GM LifeBank Co., Ltd., a subsidiary of the Group, provides cells and tissues storage services as well as the technological development, service, consultation and transfer related to the cell biology fields in Mainland China.

Shanghai GM Diagnosis Co., Ltd., a subsidiary of the Group, obtained a Practicing Licence for Medical Institution (醫療機構執業許可證) issued by the Shanghai Municipal Health Commission. It principally engages in the provision of high-end clinical molecular genetic testing and molecular pathology testing services, and has built a CAP (the College of American Pathologists) accredited third-party medical laboratory at international standards.

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. Beijing Jingjing Medical Equipment Co., Ltd., a subsidiary of the Group, manufactures products that are specialised in blood recovery, purification and treatment. Its 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

- **Golden Meditech Holdings Limited (801.HK)**
  - MEDICAL DEVICES SEGMENT
  - HEALTHCARE SERVICES SEGMENT
    - Genetic Testing Services Business
    - Cells and Tissues Storage Business
    - Hospital Business
    - Medical Insurance Administration Business
  - STRATEGIC INVESTMENTS

The group is committed to achieving long-term sustainable growth through unremittingly cultivating our healthcare services and medical devices operations.

CORPORATE HISTORY AND MILESTONES

2019
- Team up with Hong Kong Baptist University to conduct cell therapy research
- Cellenkos, Inc. ("Cellenkos"), a 17.45 % associate of the Group, obtained approval from U.S. Food and Drug Administration ("FDA") to carry out phase I clinical trial of CK0801, a cord blood-derived T-regulatory cell product

2018
- Entered into the cells and tissues storage business and the genetic testing business, laying out strategies for entire biomedical value chain from cells and tissues storage to clinical applications
- Cellenkos registered its manufacturing facility as good manufacturing practice ("GMP") compliant with U.S. FDA for manufacturing cord blood-derived regulatory T-cells
- Acquired 50.0% equity interests in ASA Asset Management Co., Ltd., Japan
- Successfully completed the disposal of the Group's entire 65.4% equity interest in Global Cord Blood Corporation ("GCBC")
- Voluntary delisting of the Taiwan depositary receipts on the Taiwan Stock Exchange

2017
- Entered into the precision medicine business and established cooperations with the University of Texas at MD Anderson Cancer Center and Hope Health Center in the U.S., respectively
- Beijing Sunbow Obstetrics & Gynecology Hospital commenced operation

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

2014
- New cord blood storage facilities in Guangdong Province and Zhejiang Province opened in the first half of fiscal year 2015

2013
- Qinghe Hospital located in Beijing Haidian District started its trial run

2012
- The medical devices segment established a new distribution business for imported high-end overseas medical devices

2011
- Became the first healthcare enterprise from Mainland China to list its depositary receipts on the Taiwan Stock Exchange
- Acquired Shanghai East International Medical Center to enter into premium healthcare services market
- GCBC secured an exclusive licence to operate cord blood storage business in Zhejiang Province

2010	•	Changed its name to "Golden Meditech Holdings Limited", to better reflect the Group's integrated business model, diversified revenue streams and depth exposure in Mainland China's healthcare industry
	•	Launched Mainland China's first third-party medical insurance administration, GM-Medicare Management (China) Company Limited, as a joint venture with two leading US-based health maintenance organisations
2009	•	New cord blood storage facility, then the largest cord blood storage facility in the world in terms of capacity and daily processing volume, commenced operation in Beijing
	•	Transferred listing from the GEM ("GEM") onto the Main Board of the Hong Kong Stock Exchange Limited (SEHK: 801)
	•	Entered into the hospital management business
	•	GCBC (NYSE: CO) successfully listed on the New York Stock Exchange
2008	•	New cord blood storage facility in Guangdong Province commenced operation
2007	•	Expansion of cord blood storage business into Guangdong Province
2003	•	Strategic investment in the first cord blood bank in Mainland China and commencement of cord blood storage business in Beijing
2002	•	Medical devices production facility located in Beijing commenced production
2001	•	Listed on the GEM of the Stock Exchange of Hong Kong Limited (SEHK: 8180)

CHAIRMAN'S STATEMENT

Dear Valued Shareholders,

On behalf of the board of directors (the "Board") of Golden Meditech Holdings Limited (the "Company" or "Golden Meditech", together with its subsidiaries, collectively referred to as the "Group"), I am pleased to present the Company's annual results for the fiscal year ended 31 March 2019 (the "Year").

New opportunities have emerged in the Chinese healthcare industry, thanks to the continuing policies updates and developments. The deepening of Chinese medical reforms has prompted the government to encourage the in-depth development of private healthcare enterprises as well as breakthroughs in cell therapy regime. The Group has further implemented its diversification and innovation strategies and recorded a revenue of HK$315,668,000 during the Year, which was a 25.9% increase on the previous corresponding year.

Each of the Group's sub-business units under its core healthcare services segment has achieved sound growth during the Year. Among them, the hospital business, cells-and-tissues storage and genetic testing businesses have shown significant increase in revenue, driving sustainable growth in the healthcare services segment.

Hospital business has progressively shown organic growth as the Group continued to enhance its services as well as operational management. Among which, Beijing Sunbow Obstetrics & Gynecology Hospital has successfully established its brand and reputation over a short period of two years. It recorded a revenue of HK$30,815,000 during the Year, representing a significant increase of 131.6% year-on-year. Shanghai East International Medical Center will carry out the relocation and expansion work so as to meet the increasing demand of high-end healthcare services. Upon the completion of the relocation and expansion work, it would bring more income to the Group. Beijing Qinghe Hospital contributes a stable cash flow return on investments to the Group through its leasing model.

The growth of the cells storage market in China is accelerating as immunotherapy continues to mature and more treatment cases are accumulated. At the same time, the "13th Five-Year Plan for Biotechnology Innovation" aims to accelerate the development in the biotechnology industry, which is favourable to the launch of the Group's genetic testing, cell therapy and cells storage businesses. The Group's cells-and-tissues storage and genetic testing businesses that were newly established in the prior year has achieved dynamic growth and its revenue increased to HK$13,692,000 during the Year.

The Group seized the opportunity by being the first to tap into the biomedical research and development market. Its two collaborations in the United States of America are progressing well as scheduled. Among which, the cell therapy has entered into phase I clinical trial for the treatment of autoimmune diseases such as bone marrow failure syndrome and Guillain-Barré syndrome. Meanwhile, we believe the broadening scope of cooperation in our precision medicine joint venture would bring more income to the Group in the future.

During the Year, the Group has teamed up with the Department of Biology of Hong Kong Baptist University to develop a new therapeutic approach for treating neurodegenerative diseases. It is expected that the research results will provide an effective new therapy for these diseases which can benefit patients around the world.

By gaining insights and understanding changes in the healthcare market, Golden Meditech's strategies focusing on organic growth, investments and growth through acquisitions, has led to the completion of the business integration of its core healthcare services segment and has resulted in the successful exploration of new businesses momentum. This not only enhances the Group's core competitiveness, but also lays a solid foundation for its steady development in the future.

OUTLOOK

Comprehensive and in-depth penetration of the "Healthy China" strategy has uplifted the healthcare industry's status in China, indicating that the big health industry is entering a prime period of development and is growing phenomenally with the help of innovative technologies. According to the forecasts by Qianzhan Industry Institute, it is expected that the big health industry spending in China will reach RMB14 trillion in 2023, representing a compound annual growth rate of 12.6% in the next five years (2019–2023). With such rapid market expansion, it is foreseeable that the big health and biomedical industries contain enormous commercial value potential.

As a leading integrated healthcare enterprise in China, Golden Meditech will capture the golden opportunity arising from the big health industry and consolidate further its leading position in the high-growth biomedical value chain. The Group remains focused on ensuring that we gradually expand new businesses ranging from immunotherapy, stem cell therapy, cells and tissues storage, genetic testing to precision medicine, that we continue to enhance the efficiency and profit margin of the hospital business, and that we improve the profitability of the medical devices business. Concurrently, we are committed to exploring high-quality and innovative investment projects that fit into the Group's strategy, and realising synergies from each business segment through optimisation, so as to strive for higher growth and better investment returns for the Company and its shareholders.

On behalf of the Board, I would like to take this opportunity to express my sincere thanks to you, our valued shareholders and partners, for your continuing support of Golden Meditech. I am immensely thankful to our staff, for your passion and contribution during the Year.

FENG Wen
Chairman
28 June 2019

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

Golden Meditech Holdings Limited (the "Company" or "Golden Meditech", together with its subsidiaries, collectively referred to as the "Group") is an integrated healthcare enterprise. Its main operations include the healthcare services segment and the medical devices segment. The healthcare services segment currently consists of hospital business, medical insurance administration business, cells and tissues storage business and genetic testing services business. The medical devices segment currently consists of the manufacturing of medical devices and the sale of medical device consumables. In addition, the Group has also ventured into precision medicine and auxiliary businesses. During the fiscal year ended 31 March 2019 ("FY2018/2019" or the "Year"), the Group's overall results performance was in line with the expectation, achieving a double-digit growth in revenue, while its core healthcare services segment has continued to maintain upward momentum.

HEALTHCARE SERVICES SEGMENT

Hospital Business

Following the introduction of numerous reform policies, the Chinese healthcare reform has entered a stage where it focuses more on medical resources allocation and services quality. Private capitals have played an important role in the reform of public hospitals and the provision of professional hospital management services as well as differentiated healthcare services, etc., contributing to the overall advancement of quality and efficient healthcare services. Being a pioneer of private capital in healthcare sector, the Group is devoted to brand building and quality services. It is encouraging to note that all three hospitals possessed unique competitiveness in the markets where they operate, and they are showing a positive momentum of growth.

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. Qinghe Hospital owns advanced technologies in the areas of laboratory tests, treatment and diagnosis, and possesses cutting-edge technology in various hematopoietic stem cells transplantation. Additionally, equipped with internal and external advanced diagnostic and treatment equipment, Qinghe Hospital offers over ten specialist disciplines which provide professional and precise healthcare services to its neighbourhoods. Since June 2017, Qinghe Hospital has leased out several floors of its space and medical equipment to Peking University People's Hospital (北京大學人民醫院) in return for a stable 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 professional and experienced medical talents from famous hospitals. It brings safe and assured medical treatment experience to its expectant mothers and patients through standardised consulting procedures, personalised private doctor tracking system, psychological guidance and other personalised services. In addition, Sunbow O&G Hospital also brings comprehensive medical services to its patients through providing ancillary services such as postnatal health care center, not only improving the patients' medical experience but also contributing new revenue streams to the Group.

Leveraging on its renowned international hospital brand, Shanghai East International Medical Center ("SEIMC") provides premium healthcare services in Shanghai and its surrounding neighbourhoods. SEIMC owns a team of experienced Chinese and foreign medical experts and offers quality medical services to both local and foreign customers. A relocation and expansion work has been carried out in order to better meet the demands of high-end healthcare services market. SEIMC expects to reap better income once the expansion is completed in the second half of 2019.

The hospital business has shown promising organic growth momentum during the Year. Noticeably, Sunbow O&G Hospital achieved outstanding revenue growth, benefiting from its innovative and quality services as well as good brand reputation. Qinghe Hospital provides a stable rental income and becomes one of the key revenue contributor in the hospital business.

The biomedical industry in China is growing rapidly. Government encourages medical innovation and introduces new policies to support the research and development of immune cell therapy, so that patients can benefit from receiving new therapy at the soonest possible time. Meanwhile, China's biomedical market and its huge growth potential have attracted domestic and foreign investors to participate in various investment opportunities offered in the emerging biomedical industry. Importantly, the Group has completed its strategic layout in the biomedical industry and made encouraging achievements in the newly-established cells and tissues storage and genetic testing services businesses from last fiscal year, adding a new growth driver in its healthcare services segment.

Cells and Tissues Storage Business

Shanghai GM LifeBank Co., Ltd. ("GM LifeBank") is engaged in the collection, processing, storage and clinical application of cells and tissues. Equipped with liquid nitrogen cryopreservation technology and advanced secured storage system, GM LifeBank provides cells and tissues storage services to the general public, scientific research and other institutions by banking a variety of tissue-derived mesenchymal stem cells, immunocytes and adipose tissues.

Genetic Testing Services Business

Shanghai GM Diagnosis Co., Ltd. ("GM Diagnosis") obtained a Practicing Licence for Medical Institution (醫療機構執業許可證) issued by Shanghai Municipal Health Commission. It is principally engaged in the provision of high-end clinical molecular genetic testing and molecular pathology testing services. Those professional testing services include, but not limited to, the diagnosis of genetic diseases of newborn babies, early diagnosis of tumor, guidance in personalised medicine, therapeutic evaluation and prognosis estimation, etc. Leveraging on its first class equipment, advanced technology and competent management, GM Diagnosis has built a CAP (the College of American Pathologists) accredited third-party medical laboratory at international standards.

Medical Insurance Administration Business

GM-Medicare Management (China) Co., Ltd. ("GM-Medicare") is a leading information technology solution provider in healthcare insurance sector in China. It provides operational and information technology solutions to insurance companies and healthcare service institutions. GM-Medicare is the first professional third-party administrator ("TPA") who assisted the governmental healthcare insurance agencies in realising off-site real-time review process and bill settlement. By accumulating vast experience in TPA technology over the years, GM-Medicare has self-developed a smart platform as well as a reliable cloud data processing center, providing tailor-made medical insurance information solutions to its domestic and foreign customers. During the Year, GM-Medicare has entered into contracts with large insurance companies, which is expected to further improve its business performance.

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. ("Jingjing"), a leading medical device manufacturer 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. Over the years, ABRSs were successfully installed in hundreds of mid-to-large-sized hospitals nationwide. Additionally, the Group is evaluating several innovative medical device products, and is confident in diversifying its medical devices business in the future.

STRATEGIC INVESTMENTS

The biomedical market is believed to flourish in the future after taking into account the increasing demands of biomedical services all over the world and success rates of related research. The management is optimistic about the future development of biomedical sector. The two collaborations in the United States of America ("U.S.") are progressing as scheduled.

Precision Medicine Business

Golden Meditech Javadi Precision Medicine Limited ("GM Javadi"), a 40.0% joint venture of the Group, is jointly established by the Group, Dr. Nader Javadi, a pioneer in precision medicine in the U.S., and an independent strategic investor. GM Javadi owns a renowned day clinic in the U.S. that focuses on the combined treatment of chemotherapy, immunotherapy and targeted therapy for various cancers. It is believed that the expansion of the cooperation in precision medicine business will bring considerable benefits to the Group in future.

Cell Therapy Business

The Group partnered with the University of Texas at MD Anderson Cancer Center and an independent strategic investor to set up Cellenkos, Inc. ("Cellenkos"), a 17.45% associate of the Group. Cellenkos aims to develop cord blood derived T-regulatory cellular therapies in treating autoimmune diseases as well as expand the therapies into Asian markets. Cellenkos owns a stand-alone manufacturing facility in Houston that meets good manufacturing practice ("GMP") standards. Cellenkos' lead product, CK0801, has proceeded to phase I clinical trial from pre-clinical test, which will be applied to treat diseases such as bone marrow failure syndrome and Guillain-Barré syndrome. It is believed to have huge commercial potential.

Other Investments

ASA Asset Management Co., Ltd. ("ASA")

ASA, a 50.0% joint venture of the Group, is principally engaged in the provision of real estate asset management, investment consultancy and property arrangement services (including trust agreement and financial instrument services) and owns permits in wealth management in Japan. ASA manages offices, residences, commercial facilities as well as healthcare premises. In August 2018, Golden Meditech K.K. ("GM K.K."), an indirect wholly-owned subsidiary of the Company, and Magnum Opus International Holdings Limited ("Magnum Opus"), a wholly-owned company of the Company's major shareholder Mr. Kam Yuen, conditionally agreed to provide ASA with a shareholder loan in an aggregate principal amount of JPY2,400,000,000 (equivalent to approximately HK$169,920,000) at the interest rate of 5% per annum for a term of five years (the "ASA Shareholders Loan"). Each of GM K.K. and Magnum Opus provided JPY1,200,000,000 (equivalent to approximately HK$84,960,000) (please refer to the Company's announcement dated 13 August 2018).

During the period of February and March 2019, the Group carried out an internal restructuring in relation to its investments in Japan (including the provision of the ASA Shareholders Loan) for the purpose of tax planning and minimising its tax burden in Japan. Upon completion of the restructuring, Seragaki Okinawa Joint Venture Limited ("Seragaki"), a Hong Kong-incorporated joint venture equally owned by GM Investment Company Limited ("GM Investment") and Magnum Opus, acquired the entire equity interest of GM Okinawa Seragaki Godo Kaisha ("GMO") owned by ASA. The effective interests held by the Group in ASA and GMO remain the same before and after the restructuring (please refer to the Company's announcement dated 29 March 2019).

Life Corporation Limited ("LFC")

LFC, a 50.23% associate of the Group, is principally engaged in the provision of multi-religion funeral services and columbarium services in Singapore. Life Corporation Services (S) Pte. Ltd. ("LCS"), a wholly-owned subsidiary of LFC, is currently constructing an automated columbarium in Singapore that is expected to be completed in late 2019. The management believes that once LFC's automated columbarium business commences, it will bring better returns to the Group and its shareholders.

On 24 June 2019, LFC's shareholders approved the capital reduction of LFC by a demerger (the "Demerger") (in species) distribution of all the issued shares in LCS on a pro rata basis to all existing shareholder of LFC. Upon completion of the Demerger, the Group will directly hold 50.23% equity interests in LCS.

RESEARCH AND OTHER DEVELOPMENTS

Team up with Hong Kong Baptist University ("HKBU") to Conduct Cell Therapy Research

In April 2019, the Company collaborated with the Department of Biology of HKBU to conduct in-depth research in the area of cell therapy, particularly treating neurodegenerative diseases with stem cells. Accordingly, the Company will provide HK$15,000,000 for a term of five years to HKBU in support of developing the new cell therapies. It is expected that the research results and patents will benefit patients not only in the Greater China Region but also the world.

Termination of Acquisition of 16.14% Interest in 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）) ("YPHK Fund")

In July 2018, the Group terminated the acquisition of 16.14% interest in YPHK Fund due to the acquisition conditions were not satisfied. The Group has since received the deposits together with the accrued interest (please refer to the Company's announcements dated 4 February 2018, 31 July 2018 and 8 August 2018).

IMPAIRMENT PROVISION

In November 2016, GM Investment entered into a conditional settlement agreement with Sanpower Group Limited* (三胞集團有限公司) ("Sanpower"). Pursuant to the agreement, Sanpower agreed to pay to GM Investment US$300,000,000 (equivalent to approximately HK$2,340,000,000) by five instalments within 36 months. The abovementioned settlement agreement was approved by the Company's shareholders on 16 January 2017 (please refer to the Company's announcements dated 14 November 2016 and 16 January 2017).

In view of the further downgrading of Sanpower's credit rating, the management has decided to set aside a non-cash impairment provision of HK$378,843,000 against the outstanding receivables due from Sanpower during the Year (please refer to the Company's announcement dated 3 June 2019).

* *English name is for identification purpose only.*

KEY FINANCIAL PERFORMANCE INDICATORS

The Group recorded a revenue of HK$315,668,000 during the Year, which was a 25.9% increase on the previous corresponding year and was mainly attributable to the growth in the core healthcare services segment.

Healthcare Services Segment

	FY2018/2019 (HK$'000)	FY2017/2018 (HK$'000)
Revenue from hospital business	**147,014**	107,118
Among which：		
SEIMC	**49,159**	52,759
Qinghe Hospital	**67,040**	41,051
Sunbow O&G Hospital	**30,815**	13,308
Revenue from cells and tissues storage and genetic testing services businesses	**13,692**	944
Revenue from medical insurance administration business	**7,046**	5,486
Selling, marketing and administrative expenses	**(198,912)**	(213,631)
Loss before interest, tax, depreciation and amortisation	**(68,860)**	(105,457)
Operating loss	**(146,563)**	(184,087)
Loss after tax	**(150,484)**	(188,921)

In FY2018/2019, the healthcare services segment recorded a substantial revenue growth of 47.7% year-on-year to HK$167,752,000, accounting for 53.1% of the Group's revenue. Each business unit under this segment has achieved satisfactory progress. Among them, revenue generated from hospital business, cells and tissues storage and genetic testing services businesses and medical insurance administration business have increased by 37.2%, 1,350.4% and 28.4% year-on-year to HK$147,014,000, HK$13,692,000 and HK$7,046,000, respectively, accounting for 87.6%, 8.2% and 4.2% of the healthcare services revenue. Hospital business, cells and tissues storage and genetic testing services businesses have achieved significant growth, becoming the key drivers of sustainable growth in the healthcare services segment.

Hospital Business

Sunbow O&G Hospital's revenue increased by 131.6% year-on-year to HK$30,815,000 during the Year. This came on the back of sustained organic growth at existing obstetrics and gynecology department.

Qinghe Hospital contributed a rental income of HK$67,040,000 to the Group during the Year, representing a growth of 63.3% year-on-year.

Due to the increasing demand in high-end healthcare services market, SEIMC has carried on with its relocation and expansion work during the Year, resulting in its revenue slightly down by 6.8% year-on-year to HK$49,159,000. SEIMC is expected to generate better profits after the expansion.

The Group will continue the focus on refining the operation efficiency of its specialist hospitals, constantly optimising the patient service system and enhancing the brand value, so as to further improve the operation, management and profitability of its hospital business.

Cells and Tissues Storage and Genetic Testing Services Businesses

Revenue from cells and tissues storage and genetic testing services businesses reached HK$13,692,000 during the Year, representing a growth of 1,350.4% year-on-year. The Group's early involvement in the pioneering cells and tissues storage and genetic testing services businesses has granted it a first-mover advantage in the biomedical and big health industry.

Medical Insurance Administration Business

Revenue from medical insurance administration business amounted to HK$7,046,000 during the Year, representing a growth of 28.4% year-on-year. Counting on its self-developed smart platform and cloud data processing center, extensive network of medical institutions as well as comprehensive domestic and international background in the healthcare sector, the Group will further expand large insurance company customers, so as to enhance its business performance.

Selling, marketing and administrative expenses from the healthcare services segment decreased by 6.9% year-on-year to HK$198,912,000 during the Year, largely due to management cost saving initiatives.

Operating loss from healthcare services segment down by 20.4% year-on-year to HK$146,563,000 during the Year. The decrease was mainly a result of increased revenue from Qinghe Hospital, Sunbow O&G Hospital and the newly-added cells and tissues storage and genetic testing services businesses, and a reduction in selling, marketing and administrative expenses.

MEDICAL DEVICES SEGMENT

	FY2018/2019 (HK$'000)	FY2017/2018 (HK$'000)
Revenue from medical devices	**2,087**	4,156
Revenue from medical device consumables	**100,998**	89,933
Revenue from distribution of third parties medical device and consumables	**39,479**	37,808
Selling, marketing and administrative expenses	**(90,449)**	(75,421)
Profit before interest, tax, depreciation and amortisation	**2,326**	19,050
Operating (loss)/profit	**(6,988)**	10,390
(Loss)/profit after tax	**(9,636)**	2,546

In FY2018/2019, revenue from the medical devices segment increased by 8.1% year-on-year to HK$142,564,000, accounting for 45.2% of the Group's revenue. Among which, revenue from medical device consumables and the distribution of third parties medical device and consumables increased by 12.3% and 4.4% year-on-year to HK$100,998,000 and HK$39,479,000, respectively. The increase was mainly attributable to the improved sales volume as the Group continued to reinforce its marketing efforts. However, revenue from medical devices decreased by 49.8% year-on-year to HK$2,087,000, mainly attributable to the decreasing demand for its medical devices.

During the Year, selling, marketing and administrative expenses from the medical devices segment increased by 19.9% year-on-year to HK$90,449,000, largely due to the expansion of the Group's marketing team as well as exploration of new sales channels.

The operating loss from medical devices segment amounted to HK$6,988,000 during the Year, as compared to an operating profit of HK$10,390,000 in the last corresponding year. The fluctuation was mainly attributable to the increase in the costs of medical devices and consumables as well as the year-on-year increase in selling, marketing and administrative expenses, which offset the increase in revenue.

STRATEGIC INVESTMENTS

	FY2018/2019 (HK$'000)	FY2017/2018 (HK$'000)
Revenue from Chinese herbal medicines business	**5,352**	5,274
Selling, marketing and administrative expenses	**(24,720)**	(23,207)
Profit/(loss) before interest, tax, depreciation and amortisation	**1,554**	(3,983)
Operating loss	**(19,730)**	(23,912)
Share of net loss of Cellenkos, LFC, GM Javadi, ASA and Seragaki	**(23,669)**	(13,873)
Changes in fair value of Cellenkos warrant	**(1,598)**	(4,131)
Loss after tax	**(41,580)**	(38,470)

The Group's strategic investments include the Chinese herbal medicines business and investments in associates and joint ventures. During the Year, no major fluctuation was noted for the Chinese herbal medicines business.

During the Year, (losses)/profits of Cellenkos, LFC, GM Javadi, ASA and Seragaki attributable to the Group were HK$(8,522,000), HK$(10,370,000), HK$(5,736,000), HK$880,000 and HK$79,000, respectively. The strategic investments in these associates and joint ventures are at their preliminary development stage, which we believe are conducive to the future development of the Group's core healthcare services segment.

FUTURE DEVELOPMENT

Looking ahead, the Group will continue to optimise the operational efficiency of its core healthcare services segment, enhance the operational efficiency and profit margin of its hospital business, and further expand the medical insurance administration business. Meanwhile, the Group will keep an eye on the business opportunities in the medical devices sector with a view to improve the profitability of its medical devices business. The Group is committed to proactively exploring high-quality and innovative investment projects that fit into the Group's strategy, and realising synergies from each business segment through optimisation.

As a leading integrated healthcare enterprise in China, the Group will further implement its business diversification strategies, and simultaneously, will explore opportunities arising from the global market while it pays close attention to healthcare policies in China. In response to market demand and regulatory requirements, the Group will gradually expand new businesses ranging from immunotherapy, stem cell therapy, cells and tissues storage, genetic testing to precision medicine, in order to obtain the leading strategic position in biomedical market, thus creating greater value for the Company and its shareholders.

GROUP FINANCIAL REVIEW

Revenue

During the Year, the Group recorded revenue of HK$315,668,000, representing an increase of 25.9% year-on-year. The increase was mainly attributable to the 47.7% increase in healthcare services revenue, contributing HK$167,752,000, driven by rental income from Qinghe Hospital, increasing operating income from Sunbow O&G Hospital, as well as income contribution from cells and tissues storage and genetic testing services businesses. Furthermore, revenue from medical devices segment increased by 8.1% year-on-year to HK$142,564,000 as a result of strengthened marketing strategy.

Gross Profit Margin

The Group's gross profit margin decreased by 1.2 percentage point year-on-year to 42.6%. The fluctuation was mainly caused by increased cost of sales of medical device consumables, leading to a decrease in gross profit margin of medical devices segment, which also offset the effect of improved profitability as a result of operational efficiency of Sunbow O&G Hospital as well as the high gross profit margins of cells and tissues storage and genetic testing services businesses. The healthcare services segment and the medical devices segment reported gross profit margins of 36.9% and 54.4%, respectively, as compared to 27.7% and 63.3% in the corresponding period last year.

Other Income

During the Year, the Group recorded other income of HK$138,076,000, representing an increase of 38.1% as compared to HK$99,953,000 in the corresponding period last year. The increase was largely attributable to an exchange gain of HK$24,029,000 recorded on the Company's RMB-denominated bank loan, while an exchange loss of HK$18,750,000 was recorded in the corresponding period last year.

Selling, Marketing and Administrative Expenses

The Group maintained its marketing and business development initiatives in each of its business segments. Selling, marketing and administrative expenses during the Year totaled HK$443,521,000, representing a decrease of 3.2% year-on-year. The lower expenses mainly reflected a decrease in legal and professional fee incurred, which was partially offset by the incremental director's remuneration.

Impairment Loss on Other Receivables

In November 2016, GM Investment and Sanpower entered into a conditional settlement agreement. Pursuant to which, Sanpower agreed to pay a settlement sum of US$300,000,000 (equivalent to approximately HK$2,340,000,000) to GM Investment by five instalments within 36 months.

During the first half of FY2018/2019, it had come to the attention of the Group's management that Sanpower was facing credit crunch and it might not be able to punctually settle the fourth and fifth instalments (the respective due dates of which being 14 February 2019 and 14 November 2019) pursuant to the settlement agreement. Accordingly, the management set aside a non-cash provision of HK$92,882,000 against the outstanding receivables due from Sanpower in its Interim Report.

In March 2019, the Group issued a demand letter to each of Sanpower and Mr. Yuan, the guarantor of Sanpower under the settlement agreement, demanding the settlement of the fourth instalment by 31 March 2019. As a result of the further downgrading of Sanpower's credit rating, the management of the Group decided to increase its non-cash impairment loss against the outstanding receivables due from Sanpower to HK$378,843,000 during the Year. Such provision will not have any adverse impact on the ongoing operations of the Group.

Impairment loss on Available-for-sale Securities

In October 2017, pursuant to the debt capitalisation agreement signed with LFC, the Group fully converted the convertible bond issued by LFC together with unpaid interests into LFC shares. Upon completion, LFC became an associate of the Group. Accordingly, the Group recorded an impairment loss of HK$49,603,000 in the previous year for the investment in LFC, which was previously recognised as available-for-sale securities.

Loss from Operations

The Group recorded operating loss of HK$549,863,000 for the Year. Excluding the impairment loss on other receivables for the Year, impairment loss on available-for-sale securities for the year ended 31 March 2018 and the exchange gain/loss on the Company's RMB-denominated bank loan, the adjusted operating loss was HK$195,049,000, representing a decrease of 15.1% as compared to HK$229,721,000 in the corresponding period last year, which was largely attributable to the abovementioned increase in revenue and a corresponding decrease in selling, marketing and administrative expenses.

Finance Costs

During the Year, finance costs decreased significantly by 80.3% year-on-year to HK$74,271,000. Such decrease was primarily attributable to the full redemption of the promissory notes issued by the Group during the year ended 31 March 2018. The Group recorded interest expenses of HK$300,078,000 on the promissory notes in last year, whereas no such finance cost was incurred in the current year.

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

The Group recorded net fair value loss of HK$13,971,000 for the Year, which was largely attributable to the fair value changes of the fund investments held by the Group. For the corresponding period last year, the Group recorded net fair value loss of HK$47,485,000, among which, HK$43,354,000 was related to the fair value changes of the convertible notes issued by the Company, which was fully redeemed in November 2017.

Income Tax Expense

The Group's total income tax expense amounted to HK$41,101,000, representing an increase of 382.5% year-on-year. The increase was mainly attributable to the withholding tax of HK$37,763,000 incurred for the dividend distributed by a wholly-owned PRC subsidiary of the Group during the Year.

Loss Attributable to Equity Shareholders of the Company

Loss attributable to equity shareholders of the Company for the Year was HK$675,444,000, representing a year-on-year decrease of 4.5%. Such fluctuation was attributable to the abovementioned decreases in adjusted operating loss and fair value loss of financial instruments at fair value through profit or loss, while the significant decrease noted in finance costs has been offset by the impairment loss on other receivables recorded during the Year.

Current Assets and Total Assets

As at 31 March 2019, the Group's total current assets and total assets were HK$3,923,246,000 and HK$7,360,347,000 (31 March 2018: HK$4,785,370,000 and HK$8,718,467,000), respectively.

Liquidity and Financial Resources

As at 31 March 2019, the Group's cash and bank deposits amounted to HK$3,740,971,000 (31 March 2018: HK$3,812,150,000) and total debt stood at HK$915,425,000 (31 March 2018: HK$1,174,055,000). Of which, the bank borrowings of HK$894,889,000 (31 March 2018: HK$1,150,591,000) were secured by the Group's interests in a leasehold land located in the PRC with a carrying amount of HK$583,303,000 (31 March 2018: HK$638,196,000) and bank deposits of HK$643,275,000 (31 March 2018: HK$966,508,000).

Excluding those bank borrowings secured by bank deposits, the Group's net debt as at 31 March 2019 were HK$371,413,000 (31 March 2018: HK$398,370,000). As at 31 March 2019, the Group's net cash and bank deposits were HK$3,097,696,000 (31 March 2018: HK$2,845,642,000).

Debt Ratio

As at 31 March 2019, based on the total debt divided by total equity, the Group's debt ratio was 20.7% (31 March 2018: 21.1%). Excluding the abovementioned bank borrowings which were secured by bank deposits, the Group's adjusted debt ratio as at 31 March 2019 was 8.4% (31 March 2018: 7.2%). From a long-term perspective, the management of the Group is committed to maintain an optimal and stable level of debt ratio, in order to achieve maximum capital efficiency.

Details of Pledged Assets

As at 31 March 2019, the Group had pledged certain assets as collaterals for certain bank borrowings as follows:

(i) the bank loan of the Company of HK$544,012,000 (31 March 2018: HK$775,685,000) was secured by bank deposits of HK$643,275,000 (31 March 2018: HK$$966,508,000); and

(ii) the bank loan of the Company of HK$350,877,000 (31 March 2018: HK$374,906,000) was secured by interests in a leasehold land, with a carrying amount of HK$583,303,000 (31 March 2018: HK$638,196,000).

Employees

The Group employed 958 full-time staff in Hong Kong and in the PRC (31 March 2018: 926). During the Year, total staff costs (including directors' remuneration, the Mandatory Provident Fund and equity settled share-based payment expenses) amounted to HK$208,156,000 (31 March 2018: HK$171,865,000).

CORPORATE GOVERNANCE REPORT

The board (the "Board") of directors (the "Directors") of Golden Meditech Holdings Limited (the "Company" and together with its subsidiaries, collectively referred to as the "Group") is pleased to present this Corporate Governance Report for the year ended 31 March 2019 (the "Reporting Period" or the "Year").

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

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

THE CG CODE

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

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

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

The Company has applied the principles as set out in the CG Code and complied with all the Code Provisions throughout the Reporting Period. It has also put in place certain Recommended Best Practices. The Board periodically reviews the corporate governance practices of the Company to ensure that they meet the requirements of the CG Code.

The Board

Responsibilities

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

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

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

Board Composition

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

At the end of the Reporting Period, the Board comprised three Executive Directors, one Non-Executive Director, and four Independent Non-Executive Directors. There are no relationships among members of the Board. Changes to the Board during and after the end of the Reporting Period were as follows:

With effect from 26 April 2018,

(i) Mr. FENG Wen has been re-designated from an Independent Non-Executive Director to an Executive Director, he has ceased to act as a member and the chairman of the remuneration committee (the "Remuneration Committee") and the nomination committee (the "Nomination Committee") and a member of the audit committee (the "Audit Committee") of the Company; and

(ii) Mr. GAO Yue has been re-designated from a Non-Executive Director to an Independent Non-Executive Director, he has been appointed as a member and the chairman of the Remuneration Committee and the Nomination Committee and a member of the Audit Committee in replacement of Mr. FENG Wen.

With effect from 24 May 2019,

(i) Mr. KAM Yuen has resigned as the Chairman of the Board (the "Chairman") and an Executive Director;

(ii) Mr. KONG Kam Yu has resigned as an Executive Director;

(iii) Ms. ZHENG Ting has resigned as a Non-Executive Director;

(iv) Prof. CAO Gang has resigned as an Independent Non-Executive Director, a member and the chairman of the Audit Committee, a member of each of the Remuneration Committee and Nomination Committee;

(v) Prof. GU Qiao has resigned as an Independent Non-Executive Director, a member of each of the Audit Committee, Remuneration Committee and Nomination Committee;

(vi) Mr. GAO Yue has resigned as the chairman of the Remuneration Committee;

(vii) Mr. FENG Wen has been appointed as the Chairman in replacement of Mr. KAM Yuen;

(viii) Mr. LEONG Kim Chuan has been appointed as an Executive Director;

(ix) Mr. POON Tsz Hang has been appointed as an Independent Non-Executive Director, a member and the chairman of the Audit Committee, a member of each of the Remuneration Committee and Nomination Committee in replacement of Prof. CAO Gang; and

(x) Mr. Daniel FOA has been appointed as a member and the chairman of the Remuneration Committee, a member of each of the Audit Committee and Nomination Committee in replacement of Mr. GAO Yue and Prof. GU Qiao.

Executive Directors:

Mr. FENG Wen *(Chairman)*
(re-designated as Executive Director on 26 April 2018 and appointed as Chairman on 24 May 2019)
Mr. LEONG Kim Chuan (appointed as Executive Director on 24 May 2019)
Mr. KAM Yuen (resigned as Chairman and Executive Director on 24 May 2019)
Mr. KONG Kam Yu (resigned as Executive Director on 24 May 2019)

Non-Executive Director:

Ms. ZHENG Ting (resigned as Non-Executive Director on 24 May 2019)

Independent Non-Executive Directors:

Mr. GAO Yue (re-designated as Independent Non-Executive Director on 26 April 2018)	*(chairman of the Nomination Committee, member of each of the Audit Committee and the Remuneration Committee; and resigned as chairman of the Remuneration Committee on 24 May 2019)*
Mr. POON Tsz Hang (appointed as Independent Non-Executive Director on 24 May 2019)	*(appointed as member and chairman of the Audit Committee, member of each of the Remuneration Committee and Nomination Committee on 24 May 2019)*
Mr. Daniel FOA	*(appointed as member and chairman of the Remuneration Committee, member of each of the Audit Committee and Nomination Committee on 24 May 2019)*
Prof. CAO Gang (resigned as Independent Non-Executive Director on 24 May 2019)	*(resigned as member and chairman of the Audit Committee, member of the Remuneration Committee and Nomination Committee on 24 May 2019)*
Prof. GU Qiao (resigned as Independent Non-Executive Director on 24 May 2019)	*(resigned as member of each of the Audit Committee, Remuneration Committee and Nomination Committee on 24 May 2019)*

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

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

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

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

The Company considers that all the Independent Non-Executive Directors as mentioned above are independent under the guidelines set out in Rule 3.13 of the Listing Rules.

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

The Company has also received a written independence confirmation from Mr. POON Tsz Hang in respect of his appointment as an Independent Non-Executive Director on 24 May 2019.

Corporate Governance Functions

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

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

In order to ensure compliance with the CG Code and the Listing Rules, the Company has adopted the Corporate Governance Policy on 11 April 2017, on the principles and procedures for corporate governance of the Group, with terms no less exacting than those set out in CG Code and Rule 3.13(1) to (8) of Listing Rules.

During the Reporting Period, the Board has reviewed the Company's corporate governance practices.

Board Diversity Policy

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

The Company recognises and embraces the benefits of having a diverse Board to enhance the quality of its performance and endeavours to ensure that the Board has the appropriate balance and level of skills, experience and perspectives required to support the execution of its business strategies. The Company seeks to achieve Board diversity through the consideration of a number of factors, including but not limited to, gender, age, cultural and educational background, or professional experience in accordance with the specific needs and business model of the Company. The ultimate decision will be based on merit and contribution that the selected candidates will bring to the Board.

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

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

Appointment and Succession Planning of Directors

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

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

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

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

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

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

In accordance with Article 108 of the Articles of Association, Mr. GAO Yue shall retire by rotation and at the forthcoming annual general meeting to be held on 26 September 2019 (the "2019 AGM"), being eligible, offer himself for re-election.

In accordance with Article 112 of the Articles of Association, Mr. LEONG Kim Chuan and Mr. POON Tsz Hang shall hold office until the 2019 AGM, and being eligible, offer themselves for re-election.

The Board recommends the re-appointment of the aforesaid Directors, whose biographical details are contained in the circular to be sent to the shareholders before the 2019 AGM.

Mr. KAM Yuen, an Executive Director during the Reporting Period, entered into a service contract with the Company commencing on 1 April 2005 as an Executive Director and continuing thereafter until terminated by either party giving to the other not less than 90 days' notice in writing. The service contract with Mr. KAM Yuen has been terminated on 24 May 2019.

Mr. KONG Kam Yu, an Executive Director during the Reporting Period, entered into a service contract with the Company commencing on 25 September 2012 as an Executive Director and will continue thereafter until terminated by either party giving to the other not less than 90 days' notice in writing. The service contract with Mr. KONG Kam Yu has been terminated on 24 May 2019.

Mr. FENG Wen, an Executive Director during the Reporting Period and as at the date of this report, entered into a service contract with the Company commencing on 26 April 2018 as an Executive Director and will continue thereafter until terminated by either party giving to the other not less than 90 days' notice in writing.

Mr. LEONG Kim Chuan, an Executive Director as at the date of this report, entered into a service contract with the Company commencing on 24 May 2019 as an Executive Director and Chief Executive and will continue thereafter until terminated by either party giving to the other not less than 90 days' notice in writing.

Ms. ZHENG Ting, a Non-Executive Director during the Reporting Period, entered into a service contract with the Company for a term of three years commencing on 23 August 2018 provided that at any time during the term of appointment, either party may terminate the appointment by giving to the other not less than 30 days' notice in writing. The service contract with Ms. ZHENG Ting has been terminated on 24 May 2019.

Prof. CAO Gang, an Independent Non-Executive Director during the Reporting Period, entered into a service contract with the Company for a term of one year commencing on 24 September 2018 provided that at any time during the term of appointment, either party may terminate the appointment by giving to the other not less than 30 days' notice in writing. The service contract with Prof. CAO Gang has been terminated on 24 May 2019.

Mr. GAO Yue, an Independent Non-Executive Director during the Reporting Period as at the date of this report, entered into a service contract with the Company for a term of one year commencing on 26 April 2019 provided that at any time during the term of appointment, either party may terminate the appointment by giving to the other not less than 30 days' notice in writing.

Prof. GU Qiao, an Independent Non-Executive Director during the Reporting Period, entered into a service contract with the Company for a term of one year commencing on 25 September 2018 provided that at any time during the term of appointment, either party may terminate the appointment by giving to the other not less than 30 days' notice in writing. The service contract with Prof. GU Qiao has been terminated on 24 May 2019.

Mr. POON Tsz Hang, an Independent Non-Executive Director as at the date of this report, entered into a service contract with the Company for a term of one year commencing on 24 May 2019 provided that at any time during the term of appointment, either party may terminate the appointment by giving to the other not less than 30 days' notice in writing.

Mr. Daniel FOA, an Independent Non-Executive Director during the Reporting Period and as at the date of this report, entered into a service contract with the Company for a term of one year commencing on 11 February 2019 provided that at any time during the term of appointment, either party may terminate the appointment by giving to the other not less than 30 days' notice in writing.

Board Nomination Policy

The Nomination Committee shall nominate suitable candidates to the Board for it to consider and make recommendations to shareholders for election as Directors at general meetings of the Company or appoint as Director(s) to fill casual vacancies. The chairman of the Nomination Committee shall call a meeting of the Nomination Committee, and invite nominations of candidates from the Board members, if any, for consideration by the Nomination Committee prior to its meeting. The Nomination Committee may adopt any process it deems appropriate in evaluating the suitability of the candidates, such as conducting interviews, background checks, presentations and third-party reference checks. In conducting this assessment, the Nomination Committee will, in connection with its assessment and recommendation of candidates for director, consider diversity (including but not limited to, gender, race, ethnicity, age, experience and skills) and such other factors as it deems appropriate given the then current and anticipated future needs of the Board and the Company, and to maintain a balance of perspectives, qualifications, qualities and skills on the Board.

The Nomination Committee considers the following criteria as a minimum to be required of any Board members in recommending to the Board, including potential new board members, or the continued service of existing members:

(i) reputation for integrity;

(ii) qualifications, including skills, accomplishments and experience in the relevant industries the Company's business is involved in;

(iii) independence;

(iv) commitment in respect of available time and relevant interest;

(v) potential contributions such candidate may bring to the Company and the Board; and

(vi) diversity in all its aspects, including but not limited to gender, age (18 years or above), cultural and educational background, ethnicity, professional experience in accordance with the specific needs of and business models of the Company, skills, knowledge and length of service.

Directors' Training and Professional Development

Every Director keeps abreast of responsibilities as a Director of the Company and of the conduct business activities and development of the Company. Every newly appointed Director is provided with an induction on the first occasion of his/her appointment to ensure that he/she has adequate understanding of the businesses and operations of the Group. The Directors are also kept informed on a timely basis of their responsibilities and obligations under the Listing Rules, as well as other relevant statutory or regulatory requirements. The Company also encourages its Directors to participate in other continuous professional development programmes for directors. All Directors are committed to comply with Code Provision A.6.5 of the CG Code on Directors' training for the Reporting Period.

During the Year, the Company and MinterEllison LLP have prepared reading materials on regulatory updates and arranged seminars on Listing Rules compliance and directors' duties for the Directors to develop and refresh their knowledge and professional skills.

The company secretary of the Company (the "Company Secretary") maintains records of training attended by the Directors. The Directors participated in continuous professional development by reading materials and attending seminars on the following topics to develop and refresh their knowledge and skills during the Reporting Period:

	Directors									
	Executive Directors				Non-Executive Director	Independent Non-Executive Directors				
Themes/Topics	Mr. FENG Wen *(Chairman)* (re-designated as an Executive Director on 26 April 2018 and appointed as chairman on 24 May 2019)	Mr. LEONG Kim Chuan (appointed as an Executive Director on 24 May 2019)	Mr. KAM Yuen (resigned as chairman and Executive Director on 24 May 2019)	Mr. KONG Kam Yu (resigned as Executive Director on 24 May 2019)	Ms. ZHENG Ting (resigned as Non-Executive Director on 24 May 2019)	Mr. GAO Yue (re-designated as an Independent Non-Executive Director on 26 April 2018)	Mr. POON Tsz Hang (appointed as an Independent Non-Executive Director on 24 May 2019)	Mr. Daniel FOA	Prof. CAO Gang (resigned as Independent Non-Executive Director on 24 May 2019)	Prof. GU Qiao (resigned as Independent Non-Executive Director on 24 May 2019)
1. Directors training webcast series in 2017/2018: • Duties of Directors and Role and Function of Board Committees • Risk Management and Internal Control, ESG Reporting • Corporate Governance – Director and Company Secretary's Roles • Directors' Responsibilities at Initial Public Offerings	✓	–	✓	✓	✓	✓	–	✓	✓	✓
2. Consultation Conclusions on Review of the Corporate Governance Code and Related Listing Rules	✓	–	✓	✓	✓	✓	–	✓	✓	✓
3. Analysis of Corporate Governance Practice Disclosure in June and December Year-End 2017 and March Year-End 2018 Annual Reports	✓	–	✓	✓	✓	✓	–	✓	✓	✓
4. Guidance for Boards and Directors	✓	–	✓	✓	✓	✓	–	✓	✓	✓
5. Notifiable Transaction	✓	✓	✓	✓	✓	–	–	✓	✓	✓
6. Connected Transaction	✓	✓	✓	✓	✓	–	–	✓	✓	✓
7. Director's Duties	✓	✓	✓	✓	✓	–	–	✓	✓	✓
8. Announcement – Inside Information, Trading Halt and Suspension	✓	✓	✓	✓	✓	–	–	✓	✓	✓
9. Continuing Obligations and Disclosure of Listed Companies	✓	✓	✓	✓	✓	–	–	✓	–	✓
10. Corporate Governance Code and Corporate Governance Report	✓	✓	✓	✓	✓	–	–	✓	–	✓
11. Listing Rules Compliance Updates	✓	✓	✓	✓	–	–	–	–	–	✓
12. Equity Financing – Placing of Shares, Options, and Warrants and the use of Mandates	✓	✓	✓	✓	–	–	–	–	–	✓
13. Restrictions on Purchase and Subscription of Securities	✓	✓	✓	✓	–	–	–	–	–	✓
14. Directors' training: • Directors' Duties • Guideline for Directors • Guide for Independent Non-Executive Director • Connected Transaction • Model Code for Securities Transactions by Directors of Listed Issuers • Assessment of Independence • Corporate Governance Code • Environmental, Social and Governance Report • Guideline on Inside Information • On-going Obligations of Directors of Listed Companies in Hong Kong	–	–	–	–	–	–	✓	–	–	–

Directors' and Officers' Liabilities Insurance

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

Chairman and Chief Executive

Under Code Provision A.2.1 of the CG Code, the roles of chairman and chief executive should be separate and should not be performed by the same individual to ensure a balance of power and authority, so that power is not concentrated in any one individual.

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

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

With effect from 24 May 2019, Mr. Kam has resigned as the Chairman and Chief Executive of the Company; Mr. FENG Wen has been appointed as the Chairman and responsible for managing the Board and Mr. LEONG Kim Chuan has been appointed as the Chief Executive of the Company, who is primarily responsible for the operations and business development of the Group. The Board believes the new structure will continue to conduct strong and consistent leadership for the Group, enabling it to make and implement decisions promptly and efficiently.

Board Meetings

Regular Board meetings are held at least 4 times a year at approximately quarterly intervals. During the Reporting Period, 13 Board meetings were held.

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

Directors	Attendance/Number of Meetings				
	Board	Audit Committee	Remuneration Committee	Nomination Committee	Annual General Meeting
Executive Directors:					
Mr. FENG Wen *(Chairman)* (re-designated as Executive Director on 26 April 2018 and appointed as Chairman on 24 May 2019)(Note 1)	13/13	0/2	1/3	1/2	1/1
Mr. LEONG Kim Chuan (appointed as Executive Director on 24 May 2019)(Note 2)	N/A	2/2	1/3	1/2	1/1
Mr. KAM Yuen (resigned as Chairman and Executive Director on 24 May 2019)	13/13	N/A	N/A	N/A	1/1
Mr. KONG Kam Yu (resigned as Executive Director on 24 May 2019)	13/13	N/A	N/A	N/A	1/1
Non-Executive Director:					
Ms. ZHENG Ting (resigned as Non-Executive Director on 24 May 2019)	13/13	N/A	N/A	N/A	1/1
Independent Non-Executive Directors:					
Mr. GAO Yue (re-designated as Independent Non-Executive Director on 26 April 2018)(Note 3)	13/13	2/2	2/3	1/2	1/1
Mr. POON Tsz Hang (appointed as Independent Non-Executive Director on 24 May 2019)(Note 4)	N/A	N/A	N/A	N/A	N/A
Mr. Daniel FOA(Note 5)	13/13	N/A	N/A	N/A	1/1
Prof. CAO Gang (resigned as Independent Non-Executive Director on 24 May 2019)	13/13	2/2	3/3	2/2	1/1
Prof. GU Qiao (resigned as Independent Non-Executive Director on 24 May 2019)	13/13	2/2	3/3	2/2	1/1

Notes:

1. Mr. FENG Wen ceased to act as a member and the chairman of each of the Remuneration Committee and Nomination Committee and a member of the Audit Committee with effect from 26 April 2018.

2. Mr. LEONG Kim Chuan attended the meetings of the Audit Committee, Remuneration Committee, Nomination Committee and general meetings during the Year in his capacity as Deputy Chief Financial Officer of the Company.

3. Mr. GAO Yue was appointed as a member and the chairman of each of the Remuneration Committee and the Nomination Committee and a member of the Audit Committee in replacement of Mr. FENG Wen with effect from 26 April 2018. He also ceased to act as the chairman of the Remuneration Committee with effect from 24 May 2019.

4. Mr. POON Tsz Hang has been appointed as a member and the chairman of Audit Committee, member of each of the Remuneration Committee and Nomination Committee with effect from 24 May 2019 in replacement of Prof. CAO Gang.

5. Mr. Daniel FOA has been appointed as a member and the chairman of the Remuneration Committee, member of each of the Audit Committee and Nomination Committee with effect from 24 May 2019 in replacement of Mr. GAO Yue and Prof. GU Qiao.

Conduct of Meetings

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

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

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

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

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

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

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

Audit Committee

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

With effect from 26 April 2018, Mr. FENG Wen has ceased to be a member of Audit Committee and Mr. GAO Yue has been appointed as a member of the Audit Committee in replacement of Mr. FENG Wen. At the end of the Reporting Period, the Audit Committee comprised three Independent Non-Executive Directors, namely, Prof. CAO Gang (chairman), Mr. GAO Yue and Prof. GU Qiao.

Subsequently and with effect from 24 May 2019, Prof. CAO Gang has ceased to be a member and the chairman of the Audit Committee and Prof. GU Qiao has ceased to be a member of the Audit Committee; Mr. POON Tsz Hang, an Independent Non-Executive Director, has been appointed as a member and the chairman of the Audit Committee in replacement of Prof. CAO Gang. Mr. Daniel FOA, an Independent Non-Executive Director, has been appointed as a member of the Audit Committee in replacement of Prof. GU Qiao.

The Audit Committee's primary duties include the followings:

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

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

Executive Committee

The Company established an executive committee (the "Executive Committee") in April 2007 for the purpose of reviewing and approving certain operational matters of the Group in order to enhance the efficiency of the operation and decision-making process of the Board.

Throughout the Reporting Period, the Executive Committee comprised two Executive Directors, namely, Mr. KAM Yuen (chairman) and Mr. KONG Kam Yu. With effect from 24 May 2019, Mr. KAM Yuen and Mr. KONG Kam Yu have ceased to be members of the Executive Committee; Mr. FENG Wen, an Executive Director, has been appointed as a member of the Executive Committee in replacement of Mr. KAM Yuen, and Mr. LEONG Kim Chuan has been appointed as an Executive Director and a member of the Executive Committee in replacement of Mr. KONG Kam Yu.

The primary functions of the Executive Committee include the establishment of bank accounts, the issue of shares upon the exercise of options granted or to be granted under the Company's share option schemes and the execution of repurchases of the Company's own shares. Meetings of the Executive Committee may be convened by any of its members and shall be held as its work demands.

Remuneration Committee

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

With effect from 26 April 2018, Mr. FENG Wen has ceased to act as a member and the chairman of the Remuneration Committee and Mr. GAO Yue has been appointed as a member and the chairman of the Remuneration Committee in replacement of Mr. FENG Wen. At the end of the Reporting Period, the Remuneration Committee comprised three Independent Non-Executive Directors, namely, Mr. GAO Yue (chairman), Prof. CAO Gang and Prof. GU Qiao.

Subsequently and with effect from 24 May 2019, Mr. GAO Yue has ceased to be the chairman of the Remuneration Committee and Prof. CAO Gang and Prof. GU Qiao have ceased to be members of the Remuneration Committee; Mr. Daniel FOA, an Independent Non-Executive Director, has been appointed as a member and the chairman of the Remuneration Committee in replacement of Mr. GAO Yue and Prof. GU Qiao; and Mr. POON Tsz Hang, an Independent Non-Executive Director, has been appointed as a member of the Remuneration Committee in replacement of Prof. CAO Gang.

The principal responsibilities of the Remuneration Committee include the followings:

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

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

Meetings of the Remuneration Committee are held at least once a year and additional meetings may be held as required. During the Year, the Remuneration Committee held 3 meeting(s) and has assessed the performance of each of the Executive Directors and certain senior management staff of the Company and made decisions regarding the payment of discretionary bonus and reviewed the remuneration and compensation packages for certain Executive Directors, non-Executive Director and Independent Non-Executive Directors.

The remuneration of the senior management (comprising Executive Directors) of the Company for the Reporting Period by band is set out below:

Remuneration band (HK$)	**Number of individuals**
$1 to $1,000,000	2
$1,000,001 to $2,000,000	3
$2,000,001 to $3,000,000	1
$3,000,001 to $11,000,000	–
$11,000,001 to $12,000,000	1
$12,000,001 to $19,000,000	–
$19,000,001 to $20,000,000	1

Further details of the Directors' remuneration for the Reporting Period are disclosed in note 9 to the financial statements contained in this annual report.

Nomination Committee

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

With effect from 26 April 2018, Mr. FENG Wen has ceased to act as a member and the chairman of the Nomination Committee and Mr. GAO Yue has been appointed as a member and the chairman of Nomination Committee in replacement of Mr. FENG Wen. At the end of the Reporting Period, the Nomination Committee comprised three Independent Non-Executive Directors, namely, Mr. GAO Yue (chairman), Prof. CAO Gang and Prof. GU Qiao.

Subsequently and with effect from 24 May 2019, Prof. CAO Gang and Prof. GU Qiao have ceased to be members of the Nomination Committee, Mr. POON Tsz Hang and Mr. Daniel FOA, both the Independent Non-Executive Directors, have been appointed as members of the Nomination Committee in replacement of Prof. CAO Gang and Prof. GU Qiao, respectively.

The principal responsibilities of the Nomination Committee include the followings:

- to review the structure, size and composition (including the skills, knowledge and experience) of the Board at least annually and make recommendations on any proposed changes to the Board to complement the Company's corporate strategy;
- to identify individuals suitably qualified to become Board members and select or make recommendations to the Board on the selection of individuals nominated for directorships;
- to assess the independence of Independent Non-Executive Directors;
- to make recommendations to the Board on the appointment or re-appointment of Directors and succession planning for Directors, in particular the Chairman and chief executive;
- to review the Board Diversity Policy, as appropriate, and review a range of measurable objectives, including but not limited to gender, age, cultural and educational background, or professional experience in accordance with the specific needs and business model of the Company, that the Board has set for implementing the Board Diversity Policy, and the progress on achieving the objectives; and make disclosure of a summary of the Board Diversity Policy together with its review results and the rationale for the factors used for determining the degree of diversity of the Board in the Corporate Governance Report annually;
- to do any such things to enable the Nomination Committee to discharge its powers and functions conferred on it by the Board; and
- to conform to any requirement, direction, and regulation that may from time to time be prescribed by the Board or contained in the Articles of Association or imposed by legislation.

Meetings of the Nomination Committee are held at least once a year and additional meetings may be held as required. During the Year, the Nomination Committee held 2 meetings and has made recommendations to the Board regarding the appointment and re-appointment of Directors and reviewed the Board Diversity Policy.

Risk Management and Internal Controls

The Board acknowledges that it is its duty to monitor the risk management and internal control systems of the Group on an ongoing basis and review their effectiveness. Such systems are designed to manage rather than eliminate the risk of failure to achieve business objectives, and can only provide reasonable and not absolute assurance against material misstatement or loss.

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

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

The Company has adopted risk management policy and procedures (the "Risk Management Policy") for assessing and, where prudent, improving the effectiveness of its risk management and internal control systems, including requiring the executive management of the Group to regularly assess and at least annually to personally certify that such matters are appropriate and functioning effectively in the belief that this will enhance the corporate governance of the Company and its business practices.

Group Risk Management

The Company has established the enterprise risk management framework. The Board is responsible for ensuring that the Company has an adequate and effective risk management system, while the management has the responsibility to operate and implement the Risk Management Policy to the Group. Through the risk assessment and control process, risks are identified, assessed, prioritised and assigned treatment methods. The Board and management allocate tasks and resources to achieve the recommended risk control processes as required. The Board receives regular reports through the Audit Committee that oversees risk management and internal audit functions.

Principal Risks

The principal risks and uncertainties are set out in the section headed "Business Review". Such discussion forms a part of Report of Directors.

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

During the Year, the Board appointed an independent professional consultancy firm — Corporate Governance Professionals Limited to conduct an internal control review. Based on the results of the internal control review which were submitted to the Audit Committee for consideration, the Board and the Audit Committee are satisfied that the Group's systems of risk management and internal controls, including financial, operational, compliance, and risk management functions, are adequate and effective.

Risk Governance

The Group's risk governance structure is based on a "Three Lines of Defence" model, with operational management and internal controls performed by the Board and the management, coupled with risk management monitoring carried out by the finance department and independent internal audit outsourced to and conducted by Corporate Governance Professionals Limited.

The Group maintains a risk register to keep track of all identified major risks of the Group. The risk register provides the Board, the Audit Committee, and management with a profile of its major risks and records management's actions taken to mitigate the relevant risks. Each risk is evaluated at least annually based on its likelihood of occurrence and potential impact upon the Group. The risk register is updated by management as the risk owners with addition of new risks and/or removal of existing risks, if applicable, at least annually, after the annual risk evaluation has been performed. The results of these reviews are recorded in the risk register for analysis of potential strategic implications and for regular reporting to the management and Directors of the Company.

The risk assessment and control systems will be evaluated by the Board and management at least annually or earlier if significant changes occur that introduce new risks or significantly alter the level of current risks. Management is committed to ensure that risk management forms part of the daily business operation processes in order to align risk management with corporate goals in an effective manner.

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

Inside Information

The Company formulated internal procedures and controls for handling and dissemination of inside information, and further improved the information disclosure system of the Company to ensure that the Company's information is disclosed to the public on a true, accurate, complete and timely basis. The Group discloses inside information to the public as soon as reasonably practicable unless the information falls within any of the safe harbours as provided in the Securities and Futures Ordinance (the "SFO"). The Group ensures the information is kept strictly confidential before the information is fully disclosed to the public. The Group is committed to ensure that information disclosed are not false or misleading as to a material fact, or false or misleading through the omission of a material fact in view of presenting information in a clear and balanced way, where the Company operates so as to comply with relevant requirements under the SFO and Listing Rules from time to time.

Directors' Securities Transactions

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

Company Secretary

The Company Secretary is a full-time employee of the Company and has day-to-day knowledge of the Company's affairs. The Company Secretary reports to the Chairman and is responsible for advising the Board on governance matters. Mr. KONG Kam Yu, the Company Secretary throughout the Reporting Period, has confirmed that he has taken no less than 15 hours of relevant professional training during the Reporting Period. With effect from 24 May 2019, Mr. KONG Kam Yu has resigned as the Company Secretary and Ms. LAM Cheuk Man has been appointed as the Company Secretary.

Accountability and Audit

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

KPMG, the external auditors of the Company, acknowledge their responsibilities for the audit of the consolidated financial statements of the Company for the Reporting Period in the Independent Auditor's Report included in this annual report.

For the Reporting Period, the fees paid/payable to the external auditors for audit services were HK$8,321,000 and the fees paid for other services were HK$6,144,000.

Shareholders' Rights

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

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

Putting enquiries to the Board

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

Investor Relations

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

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

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

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

Constitutional Documents

There was no change in the Articles of Association during the Reporting Period.

Publication of press release by the Stock Exchange in December 2018

Reference is made to the press release published by the Stock Exchange on 18 December 2018 (the "Press Release") in relation to, among others, the censure of the Company for breaching Rules 2.13, 14.34, 14.36, 14.38A, 14.40, 14.41, 14.48, 14.49, 14.51 and 14.74 of the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules").

Pursuant to the Press Release, the Listing Committee of the Stock Exchange directed the Company to (1) appoint, within two months from the publication of the Press Release, an independent compliance adviser (as defined in Chapter 3A of the Listing Rules) satisfactory to the Listing Department of the Stock Exchange (the "Listing Department") on an ongoing basis for consultation regarding compliance with the Listing Rules for two years; and (2) each of the Directors listed therein shall attend their corresponding hours of training on Listing Rules compliance and director's duties, including 4 hours of training on notifiable and connected transactions, to be provided by institutions such as the Hong Kong Institute of Chartered Secretaries, the Hong Kong Institute of Directors, or other course providers approved by the Listing Department.

On 18 February 2019, the Company has appointed Elstone Capital Limited as the independent compliance adviser (the "Compliance Adviser") of the Company on an on-going basis for consultation on compliance with the Listing Rules for a period of two years commencing on 18 February 2019 and such appointment has been approved by the Stock Exchange. The Compliance Adviser is a corporation licensed to carry out Type 6 (advising on corporate finance) regulated activity under the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong). Please refer to the Company's announcement dated 18 February 2019 for details.

Each of the following Directors had attend their corresponding hours of training, as listed out below, on Listing Rules compliance and director's duties, including 4 hours of training on notifiable and connected transactions, to be provided by institutions such as the Hong Kong Institute of Chartered Secretaries, the Hong Kong Institute of Directors, or other course providers approved by the Listing Department:

Name of Directors	Hours
Mr. Kam Yuen and Mr. Kong Kam Yu	24 hours
Ms. Zheng Ting, Professor Gu Qiao and Professor Cao Gang	12 hours

The relevant Directors have completed their training and the relevant written certificate has been submitted to the Listing Department. Please refer to the Company's announcement dated 14 March 2019 for details.

Accordingly, the Company confirms that the directions given in the Press Release in relation to the appointment of compliance adviser and the training requirements have been fully complied with.

BIOGRAPHICAL DETAILS OF DIRECTORS AND SENIOR MANAGEMENT

DIRECTORS

Executive Directors

Mr. KAM Yuen (甘源), aged 57, was the Chairman, Executive Director, Chief Executive and Compliance Officer of the Company during the year ended 31 March 2019 (the "Reporting Period") and the founder of the Group. Mr. Kam was also a director of several subsidiaries of the Company. Previously he was also the chairman of Global Cord Blood Corporation (formerly known as China Cord Blood Corporation) ("GCBC") and the non-executive director of Life Corporation Limited, formerly known as Cordlife Limited. He was responsible for the Group's overall strategic planning. Mr. Kam graduated from the Beijing Second Foreign Languages Institute, the People's Republic of China (the "PRC") (北京第二外國語學院) in 1985 and has over 20 years of management experience in international business. Mr. Kam is the sole director of Bio Garden Inc., and a director of Magnum Opus 3 International Holdings Limited, both companies have an interest in the share capital of the Company as disclosed under the provisions of Part XV of the Securities and Futures Ordinance.

Mr. KONG Kam Yu (江金裕), aged 50, was an Executive Director, Qualified Accountant and Company Secretary of the Company during the Reporting Period. Mr. Kong was also a director of several subsidiaries of the Company. He is currently the non-executive chairman of Life Corporation Limited. He joined the Group in 2001, and was responsible for the Group's finances, corporate projects and company secretarial matters. Mr. Kong is a member of The Hong Kong Institute of Certified Public Accountants and The Institute of Chartered Accountants in England and Wales. Prior to joining the Group, Mr. Kong worked with a leading international accounting firm.

Mr. FENG Wen (馮文), aged 51, is the Chairman, Executive Director of the Company and also a director of several subsidiaries of the Company as at the date of this annual report. Mr. Feng joined the Group in September 2012. He was re-designated from an Independent Non-Executive Director to an Executive Director from 26 April 2018 and appointed as the Chairman of the Board with effect from 24 May 2019. Mr. Feng graduated from the Medical Department of the Third Military Medical University in 1992 and obtained a master degree in Public Administration from the School of Public Administration, Renmin University of China (中國人民大學) in 2006. Mr. Feng is currently the chairman of the board of Zhong He Hou De Investment Management Co., Ltd.* (中和厚德投資管理有限公司) and an independent director of Beijing ConST Instruments Technology Inc.* (北京康斯特儀表科技股份有限公司). He was previously an independent director of Beijing Boer Communication Technology Co., Ltd.* (北京玻爾通信技術股份有限公司), a chief executive officer of National Investments Fund Limited (stock code: 01227), a company listed on the Main Board of The Stock Exchange of Hong Kong Limited (the "Stock Exchange"), and the secretary to the board of directors of China Investment Development Co., Ltd.* (中投發展有限責任公司). Mr. Feng had worked for the General Office of the Ministry of Health of the PRC and a number of military hospitals for over 20 years.

Mr. LEONG Kim Chuan (梁金泉), aged 49, is an Executive Director, Chief Executive, Compliance Officer, Qualified Accountant of the Company and also a director of several subsidiaries of the Company as at the date of this annual report. Mr. Leong joined the Group in 2006, and is responsible for the Group's finances and corporate projects. He was appointed as Deputy Chief Financial Officer of the Company in 2015 and appointed as an Executive Director, Chief Executive, Compliance Officer and Qualified Accountant of the Company with effect from 24 May 2019. Mr. Leong graduated from Tunku Abdul Rahman University College in 1994. During August 2007 to November 2014, Mr. Leong also served as chief financial controller of the largest Chinese medicine retail chain in the United Kingdom and Republic of Ireland, and a leading consumer products retail chain listed on the NASDAQ. Mr. Leong is a member of the Association of Chartered Certified Accountants. Prior to joining the Group, Mr. Leong worked with a number of leading international accounting firms.

* *The English name is for identification purpose only.*

Non-Executive Director

Ms. ZHENG Ting (鄭汀), aged 47, was a Non-Executive Director of the Company and a director of several subsidiaries of the Company during the Reporting Period. Ms. Zheng joined the Group in September 2001 and was an advisor on healthcare services segment of the Group. Ms. Zheng is currently an executive director and the chief executive officer of GCBC and is responsible for the strategic management of GCBC. Ms. Zheng graduated from Renmin University of China (中國人民大學) in 1996 where she subsequently received an EMBA degree.

Independent Non-Executive Directors

Prof. CAO Gang (曹岡), aged 74, was an Independent Non-Executive Director of the Company, a member and the chairman of the Audit Committee and a member of each of the Remuneration Committee and the Nomination Committee during the Reporting Period. He joined the Group in September 2004. Prof. Cao is a professor of Accountancy. He qualified as one of the first group of registered accountants in the PRC in 1983 and is currently a senior member of the Association of the Registered Accountants of the PRC.

Prof. GU Qiao (顧樵), aged 72, was an Independent Non-Executive Director of the Company, a member of each of the Audit Committee, the Remuneration Committee and the Nomination Committee during the Reporting Period. He joined the Group in September 2001. Prof. Gu is a scientist in quantum-optics, biophysics and biological photonics and an Associate Professor of the Northwest University, the PRC (中國西北大學). Prof. Gu is also a member of the International Institute of Biophysics, Germany. Prof. Gu received his doctoral degree from the Northwest University, the PRC (中國西北大學), in 1989.

Mr. GAO Yue (高悦), aged 46, is an Independent Non-Executive Director of the Company as at the date of this annual report. Mr. Gao was re-designated from a Non-Executive Director to an Independent Non-Executive Director and appointed as a member and the chairman of the Remuneration Committee and the Nomination Committee and a member of the Audit Committee with effect from 26 April 2018. Subsequently and with effect from 24 May 2019, Mr. Gao has ceased to act as the chairman of the Remuneration Committee. Mr. Gao graduated from the Law School of Renmin University of China (中國人民大學) in 1996 and was admitted to the Chinese bar in 1998. Thereafter, Mr. Gao worked as an attorney-at-law and a partner in Beijing Xinli Law Firm and Beijing Fu Sheng Law Firm respectively. From August 2004 to April 2012, he practised law as a partner in King & Wood PRC Lawyers. Mr. Gao joined the Group in November 2014. From May 2012 to July 2016, Mr. Gao worked as a partner of Commerce and Finance Law Offices. From July 2016 onwards, he has been served as a partner of Anchorite & Sage Law Office (北京安生律師事務所) (formerly known as Beijing L&L Law Firm).

Mr. POON Tsz Hang (潘子恒), aged 41, is an Independent Non-Executive Director of the Company, a member and the chairman of the Audit Committee and a member of each of the Remuneration Committee and the Nomination Committee as at the date of this annual report. Mr. Poon graduated from The Hong Kong Polytechnic University with a bachelor's degree in Accountancy in 1999. During November 2016 to September 2017, Mr. Poon served as a joint company secretary of AUX International Holdings Limited (stock code: 2080), a company listed on the Main Board of the Stock Exchange. Mr. Poon is currently a director of CT Consultants Limited. Mr. Poon is a fellow member of the Hong Kong Institute of Certified Public Accountants, the Association of Chartered Certified Accountants and the Institute of Chartered Accountants in England and Wales.

Mr. Daniel FOA, aged 42, is an Independent Non-Executive Director of the Company, a member and the chairman of the Remuneration Committee and a member of each of the Audit Committee and the Nomination Committee as at the date of this annual report. He joined the Group in February 2015. Mr. Foa graduated in Economics from University of Portsmouth in 1997. Mr. Foa received a postgraduate degree of Sustainability from SOAS University of London and received Honorary Fellowship from University College London in 2018. Mr. Foa is the co-founder of Fairklima Capital and has over 20 years of experience in the China market with expertise in the fields of technology, sustainability and business consulting. Before founding Fairklima Capital, Mr. Foa held managerial positions in major multinational firms such as Nortel Networks Inc. and International Business Machines Corporation (IBM). He is also the co-founder of 51Give, an online donations platform.

SENIOR MANAGEMENT

Mr. HUANG Fan (黄帆), aged 45, is chief executive officer of the medical devices operation. He joined the Group in 2004 and has been responsible for the research and development, production, sales and management of the business. Mr. Huang has been engaged in the securities industry for many years and has extensive experience in business management. Prior to joining the Group, he has participated in the preliminary preparatory works of state-owned comprehensive securities company. Mr. Huang graduated from the Beijing Institute of Technology (北京理工大學管理學院), majoring in management.

Mr. GAO Guang Pu (高光譜), aged 56, Deputy General Manager of the medical devices operation. He joined the Group in October 1997, and is responsible for the production, operations and overall management of the medical devices operation. Mr. Gao is also responsible for various aspects of the production technology, including product standards, production procedures and technological improvements of the medical devices operation. Mr. Gao graduated from the English Language Department of Beijing Second Foreign Language Institute (北京第二外國語學院).

Mr. SHAO Bao Ping (邵寶平), aged 53, chief executive officer of the Chinese herbal medicines operation, is in charge of the Chinese herbal medicines operation's daily operations. He joined the Group in August 2005. Mr. Shao obtained his master's degree from the Shanghai Institute of Materia Medica, Chinese Academy of Sciences (中國科學院上海藥物研究所) and has extensive work experience in the fields of pharmacology and herbal medicine. Mr. Shao has held key position in well-known enterprises in the PRC and has extensive corporate management experience.

Mr. DING Wei Zhong (丁偉中), aged 70, is the chief executive officer of GM-Medicare Management (China) Company Limited. He joined the Group in April 2010, and has specialised in the medical and medical insurance management industry since 1998. Prior to relocating to the United States, Mr. Ding has held senior positions at the Aviation Industry Office of the Shanghai Municipal Government and China Airlines Group, in addition to serving as the chief operating officer of the United Nations Institute for Training and Research (UNITAR) — CIFAL Network. Mr. Ding has a Bachelor's degree from Zhengzhou Institute of Aeronautical College (鄭州航空學院) and a Bachelor's degree in Economics from Fudan University, Shanghai (上海復旦大學).

Mr. JING Jian Zhong (經建中), aged 65, is the Vice President of the Group, the chief executive officer of Golden Meditech (Shanghai) Company Limited, Shanghai GM Diagnosis Co. Ltd.* (上海金衛醫學檢驗所有限公司) and GM LifeBank Co. Ltd.* (上海金衛細胞組織儲存服務有限公司) and the Chief Representative of the Group's Office in Shanghai and is responsible for the overall operation of the Group. He joined the Group in May 2008. He graduated from the Shanghai University of Chinese Medicines and has 20 years of investment and business development experiences in healthcare industry in addition to 20 years of clinical practices and teaching.

* *The English name is for identification purpose only*

REPORT OF THE DIRECTORS

The directors (the "Directors") of Golden Meditech Holdings Limited (the "Company" and together with its subsidiaries, collectively referred to as the "Group") submitted herewith the Directors' report together with the audited financial statements of the Group for the year ended 31 March 2019 (the "Reporting Period" or the "Year").

PRINCIPAL PLACE OF BUSINESS

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

PRINCIPAL ACTIVITIES

The principal activity of the Company is investment holding. The principal activities and other particulars of its subsidiaries are set out in note 15 to the financial statements.

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

MAJOR CUSTOMERS AND SUPPLIERS

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

	Percentage of the Group's total	
	Sales	**Purchases**
The largest customer	21%	
Five largest customers in aggregate	37%	
The largest supplier		3%
Five largest suppliers in aggregate		6%

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

FINANCIAL STATEMENTS

The results and cash flow of the Group for the Reporting Period and the state of the Group's financial position as at that date are set out in the financial statements on pages 91 to 99 of this annual report.

BUSINESS REVIEW

(a) Business Performance and Future Developments

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

(b) Principal Risks and Uncertainties

The Group has identified the principal risks and uncertainties in the industries in which the Group operates. These risks and uncertainties may affect the performance and operations of the Group. The key risks include but not limited to:

1. Healthcare reforms

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

2. Brand and Reputation

The Group's image may be adversely affected by negative publicity as physicians or other medical staff working in the Group may from time to time be subject to complaints, allegations or legal actions regarding the medical disputes. Failure to maintain and enhance its reputation may harm the business, results of operations and financial condition of the Group. The Group has developed a set of standard operation procedures at each of the medical institutions so as to minimise the chance of medical negligence.

3. Reliance on Talents

Each and every day the Group's professional team plays a leading role in helping its customers access to high quality healthcare services and stable doctor-patient relationship. If the Group is unable to attract, train and retain a sufficient number of qualified physicians, management staff and other hospital personnel (particularly hematology obstetrics and gynecologic specialists), its hospital operations could be materially and adversely affected. The professional team is one of the Group's valuable resources and the Group attracts quality new talents to join the professional team through its reputation, competitive compensation package, safe working environment and attractive career advancement.

BUSINESS REVIEW (continued)

(b) Principal Risks and Uncertainties (continued)

4. Regional economies

The hospital management business operated by the Group is affected by regional economic factors. Currently, the Group only operates hospital management business in Beijing and Shanghai regions, as a result, the geographical regions of its business are relatively concentrated. Therefore, revenue will be affected by factors such as changes in patient preferences, disposable income level and local economic conditions. Responding to the fast-changing regional economy, the Group actively looks for diversification opportunities in other regions as part of its risk mitigation strategy.

5. Cooperation relationships with third parties

The Group establishes certain long-term cooperation relationships with third parties, such as people's hospitals and scientific research institutions, which enable it to enhance the quality of its healthcare services, strengthen its reputation, and grow its business. If the Group fails to maintain cooperation arrangements with these third parties when they expire or if these parties form relationships with its competitors, the Group's business, reputation and results of operations may be adversely affected. Regular communication and consultation with these stakeholders are in place to ensure the Group maintains good relationship with them.

6. Market competition

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

7. Preferential tax treatment

Beijing Jingjing Medical Equipment Co., Ltd. (北京京精醫療設備有限公司) ("Jingjing"), a subsidiary of the Company, is a High and New Technology Enterprise ("HNTE") enjoying a preferential tax rate of 15% which is lower than the standard tax rate of 25%. The preferential tax treatment attributable to its HNTE qualification which will expire at the end of 2019. The profits of the Group may be affected if Jingjing is unable to renew its qualification as HNTE after 2019. The Group actively coordinates with various departments in relation to the renewal of HNTE qualification and the management is confident that the Group will continue to enjoy the relevant preferential tax treatment.

BUSINESS REVIEW (continued)

(c) Key relationship with employees, customers and suppliers

The Group's key relationship with employees, customers and suppliers are set out in the sections headed "Employee Care" and "Operation Management". Such discussion forms a part of the "Environmental, Social and Governance Report".

(d) Environmental protection policy and performance

The Group's environmental protection policy and performance are set out in the section headed "Environmental Protection". Such discussion forms a part of the "Environmental, Social and Governance Report".

(e) Compliance with laws and regulations

The Group and its activities are subject to requirements under various laws which are set out in the sections headed "Environmental Protection", "Employee Care" and "Operation Management". Such discussion forms a part of the "Environmental, Social and Governance Report". On the listed company level, the Group is also subject to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Stock Exchange"), the Codes on Takeovers and Mergers and Share Buy-backs, the Companies Ordinance (Chapter 622 of the Laws of Hong Kong), the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) ("SFO") and/or the laws, rules and regulations of the jurisdictions where the Group companies are incorporated. The Company seeks to ensure compliance with these requirements through various measures such as internal controls, trainings and oversight of various business units at different levels of the Group. The Group highly values the importance of ensuring compliance with applicable legal and regulatory requirements. To the best of Directors' knowledge, information and belief, the Group has complied with the relevant laws and regulations which have major impact on the operations of the Group.

RESERVES AND DIVIDENDS

Loss attributable to equity shareholders of the Company of HK$675,444,000 (2018: profit of HK$3,399,149,000) has been transferred to reserves. Other movements in reserves of the Group during the year are set out in the consolidated statement of changes in equity on pages 96 to 97 of this annual report.

As at 31 March 2019, the Company's reserves available for distribution amounted to HK$2,499,288,000 (2018: HK$2,502,560,000).

FINAL DIVIDENDS

The board of Directors (the "Board") did not recommend the payment of a final dividend in respect of the year ended 31 March 2019 (2018: HK$nil per share). The Board will take into account the Group's future capital needs when considering possible dividend payment in the future.

DIVIDEND POLICY

The declaration, payment, and amount of final dividends will be subject to the Board's discretion and the approval of the shareholders of the Company. The Company in general meeting may declare dividend in any currency but no dividend shall exceed the amount recommended by the Board and permitted under the relevant laws and the constitutional documents of the Company. The Board may also declare and pay interim dividends and special dividends from time to time as appear to the Board to be justified by the financial conditions and the net realisable value of the assets of the Company.

The aggregate amount of dividends (including interim dividends and special dividends) for each fiscal year shall be no more than (20) percent of the Company's net profit after tax in the current fiscal year and after any reserve has been set aside in accordance with Article 161 (the "Maximum Dividend") of the Articles of Association of the Company (the "Articles of Association"), unless the Board has determined that it would be in the best interests of the Company to declare a dividend in excess of the Maximum Dividend.

CHARITABLE DONATIONS

Charitable donations made by the Group during the Year amounted to HK$nil (2018: HK$10,000).

PROPERTY, PLANT AND EQUIPMENT

Details of the movements in property, plant and equipment during the Year are set out in note 13 to the financial statements.

SHARE CAPITAL

Details of the movements in the share capital of the Company during the Year are set out in note 30(b) to the financial statements.

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

During the Reporting Period, neither the Company nor any of its subsidiaries purchased, redeemed or sold any of the Company's listed securities.

PRE-EMPTIVE RIGHTS

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

DIRECTORS

The Directors of the Company who hold office during the Year and up to the date of this report are:

Executive Directors

Mr. FENG Wen *(Chairman)*
(re-designated as Executive Director on 26 April 2018 and appointed as Chairman on 24 May 2019)
Mr. LEONG Kim Chuan (appointed as Executive Director on 24 May 2019)
Mr. KAM Yuen (resigned as Chairman and Executive Director on 24 May 2019)
Mr. KONG Kam Yu (resigned as Executive Director on 24 May 2019)

Non-Executive Director

Ms. ZHENG Ting (resigned as Non-Executive Director on 24 May 2019)

Independent Non-Executive Directors

Mr. GAO Yue (re-designated as Independent Non-Executive Director on 26 April 2018)
Mr. POON Tsz Hang (appointed as Independent Non-Executive Director on 24 May 2019)
Mr. Daniel FOA
Prof. CAO Gang (resigned as Independent Non-Executive Director on 24 May 2019)
Prof. GU Qiao (resigned as Independent Non-Executive Director on 24 May 2019)

In accordance with Article 108 of the Articles of Association, Mr. GAO Yue shall retire by rotation and at the forthcoming annual general meeting to be held on 26 September 2019 (the "2019 AGM"), and being eligible, offer himself for re-election.

In accordance with Article 112 of the Articles of Association, Mr. LEONG Kim Chuan and Mr. POON Tsz Hang shall hold office until the 2019 AGM, and being eligible, offer themselves for re-election.

The biographical details of the Directors and senior management are set out on pages 42 to 45 of this annual report. Details of the emoluments of the Directors and the five highest paid individuals are set out in notes 9 and 10 to the financial statements, respectively.

DIRECTORS' SERVICE CONTRACTS

Executive Directors

Mr. KAM Yuen, an Executive Director during the Reporting Period, entered into a service contract with the Company commencing on 1 April 2005 as an Executive Director and continuing thereafter until terminated by either party giving to the other not less than 90 days' notice in writing. The service contract with Mr. KAM Yuen has been terminated on 24 May 2019.

Mr. KONG Kam Yu, an Executive Director during the Reporting Period, entered into a service contract with the Company commencing on 25 September 2012 as an Executive Director and will continue thereafter until terminated by either party giving to the other not less than 90 days' notice in writing. The service contract with Mr. KONG Kam Yu has been terminated on 24 May 2019.

Mr. FENG Wen, an Executive Director during the Reporting Period and as at the date of this report, entered into a service contract with the Company commencing on 26 April 2018 as an Executive Director and will continue thereafter until terminated by either party giving to the other not less than 90 days' notice in writing.

Mr. LEONG Kim Chuan, an Executive Director as at the date of this report, entered into a service contract with the Company commencing on 24 May 2019 as an Executive Director and Chief Executive and will continue thereafter until terminated by either party giving to the other not less than 90 days' notice in writing.

Non-Executive Director

Ms. ZHENG Ting, a Non-Executive Director during the Reporting Period, entered into a service contract with the Company for a term of three years commencing on 23 August 2018 provided that at any time during the term of appointment, either party may terminate the appointment by giving to the other not less than 30 days' notice in writing. The service contract with Ms. ZHENG Ting has been terminated on 24 May 2019.

Independent Non-Executive Directors

Prof. CAO Gang, an Independent Non-Executive Director during the Reporting Period, entered into a service contract with the Company for a term of one year commencing on 24 September 2018 provided that at any time during the term of appointment, either party may terminate the appointment by giving to the other not less than 30 days' notice in writing. The service contract with Prof. CAO Gang has been terminated on 24 May 2019.

Prof. GU Qiao, an Independent Non-Executive Director during the Reporting Period, entered into a service contract with the Company for a term of one year commencing on 25 September 2018 provided that at any time during the term of appointment, either party may terminate the appointment by giving to the other not less than 30 days' notice in writing. The service contract with Prof. GU Qiao has been terminated on 24 May 2019.

Mr. GAO Yue, an Independent Non-executive Director during the Reporting Period and as at the date of this report, entered into a service contract with the Company for a term of one year commencing on 26 April 2019 provided that at any time during the term of appointment, either party may terminate the appointment by giving to the other not less than 30 days' notice in writing.

DIRECTORS' SERVICE CONTRACTS (continued)

Independent Non-Executive Directors (continued)

Mr. POON Tsz Hang, an Independent Non-executive Director as at the date of this report, entered into a service contract with the Company for a term of one year commencing on 24 May 2019 provided that at any time during the term of appointment, either party may terminate the appointment by giving to the other not less than 30 days' notice in writing.

Mr. Daniel FOA, an Independent Non-executive Director during the Reporting Period and as at the date of this report, entered into a service contract with the Company for a term of one year commencing on 11 February 2019 provided that at any time during the term of appointment, either party may terminate the appointment by giving to the other not less than 30 days' notice in writing.

None of the Directors being proposed for re-election at the 2019 AGM has a service contract with the Company or any of its subsidiaries which is not determinable by the Group within one year without payment of compensation, other than statutory compensation.

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

As at 31 March 2019, the interests and short positions of the Directors and chief executives of the Company in the shares and, in respect of equity derivatives, underlying shares in, and debentures of, the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which were notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they are taken or deemed to have under such provisions of the SFO), or which were required, pursuant to section 352 of the SFO, to be entered in the register referred to therein, or, which were required, pursuant to the Model Code 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") to be notified to the Company and the Stock Exchange were as follows:

Long positions in shares of the Company (the "Shares"):

Name of Directors	Capacity and nature of interests	Number of Shares	Number of underlying Shares held under equity derivatives	Total interests	Approximate percentage of the Company's issued share capital
Mr. KAM Yuen ("Mr. Kam")[3]	Founder of trusts	1,148,237,526[1]	–	1,148,237,526	39.36%
	Interest of controlled corporation	968,774,034[2]	–	968,774,034	33.21%
Mr. KONG Kam Yu ("Mr. Kong")[3]	Beneficial owner	240	–	240	0.0000082%

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

Long positions in shares of the Company (the "Shares"): (continued)

Notes:

(1) Mr. Kam was deemed under the SFO to have an interest in 1,148,237,526 Shares which Bio Garden Inc. ("Bio Garden") was interested in as at 31 March 2019 (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 31 March 2019 by virtue of him owning 100% voting ordinary shares of Magnum 3.

(3) Mr. Kam and Mr. Kong resigned as Executive Directors on 24 May 2019 respectively.

Save as disclosed above, as at 31 March 2019, 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.

SHARE OPTION SCHEMES

Share option schemes of the Company

On 27 September 2017 (the "Adoption Date"), the shareholders of the Company approved the adoption of a share option scheme (the "2017 Share Option Scheme") to enable the Company to grant share options to the 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 Adoption Date. As at the date of this report, no share options were granted under the 2017 Share Option Scheme.

The major terms of the 2017 Share Option Scheme are as follows:

1. The purpose of the 2017 Share Option Scheme is to recognise and acknowledge the contributions of the eligible participants to the Group by granting options to them as incentives or rewards.

SHARE OPTION SCHEMES (continued)

Share option schemes of the Company (continued)

2. The eligible participants of the 2017 Share Option Scheme are:

   (a) any employee (whether full-time or part-time) or director (including executive director, non-executive director and independent non-executive director) of any member of the Group or any entity in which any member of the Group holds any equity interest (the "Invested Entity");

   (b) any advisor, consultant, professional, agent, contractor, customer, provider of goods and/or services, business or joint-venture partner of any member of the Group or any Invested Entity whom the Board in its sole discretion considers eligible for the 2017 Share Option Scheme on the basis of his or her contribution to the Group or the Invested Entity (as the case may be); and

   (c) any person whom the Board in its sole discretion considers has contributed or will contribute to the Group or to the Invested Entity (as the case may be).

3. The overall limit on the number of Shares which may be issued upon exercise of all outstanding options granted and yet to be exercised under the 2017 Share Option Scheme and any other schemes of the Company at any time must not exceed 30% of the Shares in issue from time to time. Subject to the aforesaid limit, the maximum number of Shares in respect of which options may be granted under the 2017 Share Option Scheme and under any other schemes of the Group must not in aggregate exceed 10% of the total number of Shares in issue as at the Adoption Date. The total number of Shares available for issue under the 2017 Share Option Scheme was 296,613,970 Shares, representing approximately 10.17% of the issued Shares as at the date of this report.

4. The total number of Shares issued and which fall to be issued upon exercise of the options granted under the 2017 Share Option Scheme and other schemes (including both exercised and outstanding options) to each eligible participant in any period of 12 consecutive months up to and including the date of grant of the options shall not exceed 1% of the Shares in issue as at the date of grant of the options.

   In addition, the number of Shares in respect of which options may be granted to any eligible participant (who is a substantial shareholder or an Independent Non-Executive Director of the Company, or any of their respective associates (within the meaning as ascribed under the Listing Rules)) in any 12-month period is not permitted to exceed 0.1% of the total number of Shares in issue and HK$5,000,000 in an aggregate value, based on the closing price of the Shares at the date of each grant, unless approved by the shareholders of the Company.

SHARE OPTION SCHEMES (continued)

Share option schemes of the Company (continued)

5. The exercise period of any option granted under the 2017 Share Option Scheme must not be more than 10 years from the date of grant.

6. HK$1.00 is payable by an eligible participant on acceptance of an offer of the grant of an option (the "Offer").

7. The exercise price shall be determined by the Board and shall be at least the highest of (i) the nominal value of the Shares; (ii) the closing price of the Shares as stated in the Stock Exchange's daily quotations sheet on the date of offer, which must be a business day; and (iii) the average closing prices of the Shares as stated in the Stock Exchange's daily quotations sheets for the five business days immediately preceding the date of offer.

8. Subject to earlier termination by the Company in a general meeting, the 2017 Share Option Scheme shall be valid and effective for a period commencing from the Adoption Date and expiring at 5:00 p.m. on the business day preceding the tenth anniversary of such date.

9. The Board may at its discretion, when making an Offer, impose any conditions, restrictions or limitations in relation thereto as it may think fit, including but not limited to the achievement of any performance target and/or any minimum period for which an option must be held before it can be exercised. Subject to the aforesaid, an eligible participant to whom any option is granted is not required to achieve any performance target before an option can be exercised.

DIRECTORS' RIGHTS TO ACQUIRE SHARES OR DEBENTURES

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

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

As at 31 March 2019, the interests and short positions of the shareholders (not being Directors or chief executives of the Company) in the Shares and underlying Shares which were notified to the Company and the Stock Exchange pursuant to Divisions 2 and 3 of Part XV of the SFO and required to be entered in the register maintained by the Company pursuant to section 336 of the SFO were as follows:

(a) Long positions of substantial shareholders

Name	Capacity and nature of interests	Number of issued Shares/ underlying Shares	Approximate percentage of the Company's issued share capital
Bio Garden(1)(4)	Beneficial owner	1,148,237,526(3)	39.36%
Golden Fountain Investments Limited ("Golden Fountain")(2)	Interest of controlled corporation	1,148,237,526(3)	39.36%
Alpadis Trust (HK) Limited ("Alpadis Trust")(2)	Trustee	1,148,237,526(3)	39.36%
Alpadis Group Holding SA ("Alpadis Group")(2)	Interest of controlled corporation	1,148,237,526(3)	39.36%
Mr. ESSEIVA Alain(2)	Interest of controlled corporation	1,148,237,526(3)	39.36%
Mr. GUBLER Moritz(2)	Interest of controlled corporation	1,148,237,526(3)	39.36%
Ms. LAI Sui Lin(2)	Interest of spouse	1,148,237,526(3)	39.36%

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

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

Name of other persons who held more than 5% interest	Capacity and nature of interests	Number of issued Shares/ underlying Shares	Approximate percentage of the Company's issued share capital
Qin Wall Investment Holdings Limited ("Qin Wall")(4)(5)	Securities interest in shares	1,078,774,034(4)	36.98%
Huarong Real Estate Co. Ltd. ("Huarong Real Estate")(4)(5)	Securities interest in shares	1,078,774,034(4)	36.98%
China Huarong International Holdings Limited ("China Huarong International")(4)(5)	Securities interest in shares	1,078,774,034(4)	36.98%
China Huarong Asset Management Co., Ltd. ("China Huarong Asset")(4)(5)	Securities interest in shares	1,078,774,034(4)	36.98%
Magnum 3(4)(6)	Beneficial owner	968,774,034	33.21%
Ms. Liu Yang(7)	Interest of controlled corporation	327,030,529	11.21%
Atlantis Capital Holdings Limited(7)	Interest of controlled corporation	327,030,529	11.21%
Atlantis Investment Management Limited ("Atlantis")(7)	Beneficial owner	327,030,529	11.21%
Riverwood Asset Management (Cayman) Ltd. ("Riverwood")(7)	Investment manager	235,028,325	8.06%

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, was the founder. Mr. Kam is also the sole director of Bio Garden.

(2) Bio Garden was owned as to 18% by each of Gold Rich Investment Limited ("Gold Rich") and Gold View Investment Limited ("Gold View") and as to 64% by Golden Fountain. Alpadis Trust is the trustee of a discretionary trust as referred to in (1) above, which owns 100% shareholding interests in each of Gold Rich, Gold View and Golden Fountain. Alpadis Group directly and indirectly owned 100% interests in Alpadis Trust. Alpadis Group was in turn owned as to 42.5% by each of Mr. ESSEIVA Alain and Mr. GUBLER Moritz. Accordingly, each of Golden Fountain, Alpadis Trust, Alpadis Group, Mr. ESSEIVA Alain, Mr. GUBLER Moritz and Ms. LAI Sui Lin (being the spouse of Mr. GUBLER Moritz) were deemed, under the SFO, to have an interest in the Bio Garden Shares.

(3) These interests represent the same block of Shares.

(4) 968,774,034 Shares and 110,000,000 Shares owned by Magnum 3 and Bio Garden (as chargors) respectively have been charged to Qin Wall under the deeds of share charge dated 10 May 2018 and 18 July 2018, respectively.

(5) Qin Wall is a limited liability company incorporated in BVI, which was wholly-owned by China Huarong International. China Huarong International was owned as to 88.10% and 11.90% by Huarong Real Estate and Huarong Zhiyuan Investment & Management Co. Ltd. ("Huarong Zhiyuan"). Both Huarong Real Estate and Huarong Zhiyuan were wholly-owned by China Huarong Asset.

(6) 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. Mr. Kam is also one of the directors of Magnum 3.

(7) 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 31 March 2019, the Directors had not been notified by any persons (other than the Directors or chief executives of the Company), who had an interest or short position in the Shares or underlying Shares which would have to be 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.

SUFFICIENCY OF PUBLIC FLOAT

The public float of the Company remains below the minimum 25% requirement as required by Rule 8.08(1)(a) of the Listing Rules. To the best knowledge, information and belief of the Directors, as at the date of this report, the public float of the Company is approximately 16.21%.

The Company is considering various options to restore its public float. As at the date of this report, no concrete proposals for the restoration of public float or timetable have been determined. The Company will make further announcement when the proposal to restore its public float has been finalised.

For details, please refer to the Company's announcements dated 29 June 2018 and 15 November 2018.

DIRECTORS' INTERESTS IN TRANSACTIONS, ARRANGEMENTS OR CONTRACTS OF SIGNIFICANCE

Save as disclosed in note 34 to the financial statements, no transactions, arrangements or contracts of significance in relation to the business of the Group, to which the Company or any of its subsidiaries was a party, and in which a Director or an entity connected with a Director had a material interest, whether directly or indirectly, subsisted at the end of the Year or at any time during the Year.

INTEREST-BEARING AND OTHER BORROWINGS

Particulars of interest-bearing and other borrowings of the Group as at 31 March 2019 are set out in notes 27 and 28 to the financial statements.

DIRECTORS' RETIREMENT BENEFITS SCHEME

Details of the directors' retirement benefits scheme adopted by the Company are set out in note 9 to the financial statements.

RETIREMENT SCHEMES

Details of the Group's retirement schemes are set out in note 33 to the financial statements.

FIVE-YEAR FINANCIAL SUMMARY

A summary of the results and of the assets and liabilities of the Group for the last five financial years is set out on pages 205 and 206 of this annual report.

CORPORATE GOVERNANCE

A report on the principal corporate governance practices adopted by the Company is set out on pages 21 to 41 of this annual report.

COMPETITION AND CONFLICT OF INTERESTS

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

PERMITTED INDEMNITY PROVISION

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

CONNECTED TRANSACTIONS

(i) Provision of financial assistance to ASA Asset Management Co., Ltd. ("ASA")

On 13 August 2018, Golden Meditech K.K. ("GM K.K."), an indirect wholly-owned subsidiary of the Company, and Magnum Opus International Holdings Limited ("Magnum Opus"), as lenders, entered into the Shareholders Loan Agreement (the "ASA Shareholders Loan Agreement") with ASA, as borrower. Pursuant to which, GM K.K. and Magnum Opus conditionally agreed to provide the shareholders loan in an aggregate principal amount of JPY2,400,000,000, of which JPY1,200,000,000 was provided by each of GM K.K. and Magnum Opus in proportion to their equity interest in ASA (the "ASA Shareholders Loan").

At transaction date, Mr. Kam was (i) an executive Director and chairman of the Company; and (ii) a controlling shareholder of the Company beneficially interested in approximately 72.57% of the total issued share capital of the Company and is therefore a connected person of the Company. Further, as Magnum Opus is wholly-owned by Mr. Kam, Magnum Opus is an associate of Mr. Kam and is, therefore, a connected person of the Company.

ASA is owned as to 50% by each of GM K.K. and Magnum Opus. Magnum Opus, being a connected person of the Company, is entitled to exercise 10% or more of the voting power at any general meeting of ASA. Therefore, ASA is a commonly held entity falling within the meaning of Rule 14A.27 of the Listing Rules.

Accordingly, the provision of the ASA Shareholders Loan by GM K.K. to ASA constitutes a connected transaction of the Company under Chapter 14A of the Listing Rules. Nevertheless, pursuant to Rule 14A.89 of the Listing Rules, the provision of the ASA Shareholders Loan by GM K.K. is fully exempt given that (i) it is conducted on normal commercial terms; and (ii) it is in proportion to the equity interest directly held by the Company's subsidiary, GM K.K. in ASA and without guarantee.

On 29 March 2019, GM K.K. and GM Investment Company Limited ("GMI"), a wholly-owned subsidiary of the Company, entered into a deed of loan assignment (the "Deed of Loan Assignment"), pursuant to which GM K.K. agreed to assign all of the benefits and rights in its share of the ASA Shareholders Loan to GMI.

Further details of the ASA Shareholders Loan Agreement and the Deed of Assignment and are set out in the Company's announcements dated 13 August 2018 and 29 March 2019.

CONNECTED TRANSACTIONS (continued)

(ii) Formation of Seragaki Okinawa Joint Venture Limited ("Seragaki")

On 12 February 2019, GMI and Magnum Opus jointly formed Seragaki for the purpose of internal restructuring of the Company. Each of GMI and Magnum Opus subscribed for 500 shares of Seragaki at a subscription amount of HK$500 by cash.

As transaction date, Mr. Kam was (i) an executive Director and chairman of the Company; and (ii) a controlling shareholder of the Company beneficially interested in approximately 72.57% of the total issued share capital of the Company and is therefore a connected person of the Company. Further, as Magnum Opus is wholly-owned by Mr. Kam, Magnum Opus is an associate of Mr. Kam and is, therefore, a connected person of the Company.

The formation of Seragaki constitutes a connected transaction of the Company under Chapter 14A of the Listing Rules. As all of the applicable percentage ratios are less than 0.1%, the formation of Seragaki falls within the de minimis threshold under Rule 14A.76(1)(a) of the Listing Rules and is fully exempt under Chapter 14A of the Listing Rules.

Further details of the formation of Seragaki are set out in the Company's announcement dated 29 March 2019.

RELATED PARTY TRANSACTIONS

Details of the related party transactions undertaken by the Group during the Reporting Period are set out in note 34 to the financial statements. The Company has complied with the applicable requirements under the Listing Rules for those related party transactions which constituted non-exempt connected transactions/continuing connected transactions under the Listing Rules. Other related party transactions either did not constitute connected transactions/continuing connected transactions or constituted connected transactions/continuing connected transactions but were exempted from all disclosure and independent shareholders' approval requirements under the Listing Rules.

CHANGE IN INFORMATION OF DIRECTORS AND CHIEF EXECUTIVES

The change in the information of the Directors and chief executives of the Company required to be disclosed pursuant to Rule 13.51B(1) of the Listing Rules subsequent to the publication of the interim report of the Company for the six months ended 30 September 2018 are set out below:

Name of Director	Details of Change
Mr. KAM Yuen	Resigned as an Executive Director, Chairman of the Board, compliance officer, authorised representative and the Chief Executive of the Company on 24 May 2019.
Mr. KONG Kam Yu	Resigned as an Executive Director, company secretary and qualified accountant of the Company on 24 May 2019.
Ms. ZHENG Ting	Resigned as a Non-Executive Director and authorised representative of the Company on 24 May 2019.
Prof. CAO Gang	Resigned as an Independent Non-Executive Director, a member and the chairman of audit committee of the Company (the "Audit Committee"), a member of each of remuneration committee of the Company (the "Remuneration Committee") and nomination committee of the Company (the "Nomination Committee") on 24 May 2019.
Prof. GU Qiao	Resigned as an Independent Non-Executive Director, a member of each of Audit Committee, Remuneration Committee and Nomination Committee of the Company on 24 May 2019.
Mr. GAO Yue	Resigned as the chairman of the Remuneration Committee of the Company on 24 May 2019.
Mr. FENG Wen	Appointed as the Chairman of the Board and authorised representative of the Company on 24 May 2019.
Mr. LEONG Kim Chuan	Appointed as an Executive Director, compliance officer, qualified accountant, authorised representative and the Chief Executive of the Company on 24 May 2019. Mr. Leong entered into a service contract with the Company commencing on 24 May 2019 as an Executive Director and Chief Executive of the Company and will continue thereafter until terminated by either party giving to the other not less than 90 days' notice in writing. Pursuant to Mr. Leong Kim Chuan's service contract, he is entitled to an annual remuneration of HK$3,117,400 and an annual discretionary bonus of such amount as determined at the sole discretion of the Board.
Mr. POON Tsz Hang	Appointed as an Independent Non-Executive Director, a member and the chairman of the Audit Committee and a member of each of the Remuneration Committee and Nomination Committee on 24 May 2019. Mr. Poon entered into a service contract with the Company for a term of one year commencing from 24 May 2019 provided that at any time during the term of appointment, either party may terminate the appointment by giving to the other not less than 30 days' prior notice in writing. Pursuant to Mr. Poon's service contract, he is entitled to an annual remuneration of HK$60,000 and an annual discretionary bonus of such amount as determined at the sole discretion of the Board.
Mr. Daniel FOA	Appointed as a member and the chairman of the Remuneration Committee and a member of each of the Audit Committee and Nomination Committee on 24 May 2019.

CONFIRMATION OF INDEPENDENCE

The Company has received from each of the Independent Non-Executive Directors, namely Mr. GAO Yue, Prof. CAO Gang, Prof. GU Qiao and Mr. Daniel FOA, an annual confirmation of their independence pursuant to Rule 3.13 of the Listing Rules.

The Company considers that all the Independent Non-Executive Directors as mentioned above are independent under the guidelines set out in Rule 3.13 of the Listing Rules.

The Company has also received an independence confirmation from Mr. POON Tsz Hang in respect of his appointment as an Independent Non-Executive Director on 24 May 2019.

MANAGEMENT CONTRACTS

No contracts concerning the management and administration of the whole or any substantial part of the business of the Company were entered into or existed during the Year.

OTHER TRANSACTIONS

(i) Termination of the acquisition of interest of a limited partner in a PRC limited partnership

On 31 January 2018, 橫琴隆璽貳號投資中心（有限合夥）(Hengqin Long Xi II Investment Center (Limited Partnership)*) (the "Vendor"), 南京盈鵬資產管理有限公司 (Nanjing Ying Peng Asset Management Co., Ltd.*) ("Ying Peng Asset Management"), and 上海國泰君安好景投資管理有限公司 (Shanghai Guotai Junan Haojing Investment Management Limited*) ("Guotai Junan") (as guarantors) and 金衛醫療科技（上海）有限公司 (Golden Meditech Technology (Shanghai) Company Limited*), an indirectly wholly-owned subsidiary of the Company, (the "Purchaser") entered into a transfer agreement (the "LP Transfer Agreement"), pursuant to which the Vendor had conditionally agreed to sell, and the Purchaser had conditionally agreed to acquire, the capital contributed by the Vendor to 南京盈鵬蕙康醫療產業投資合夥企業（有限合夥）(Nanjing Ying Peng Hui Kang Medical Industry Investment Partnership (Limited Partnership)*) (the "Partnership") (the "LP Interest"), at the consideration which, in any event, shall not exceed RMB1,127,172,000 (equivalent to approximately HK$1,386,422,000 at the agreement date).

On 31 January 2018, Ying Peng Asset Management and Guotai Junan, the Vendor and the Company entered into a framework agreement (the "GP Framework Agreement"). Pursuant to the GP Framework Agreement, subject to Guotai Junan and the Company (or its nominee(s)) having entered into a legally binding agreement in relation to the Potential GP Arrangement (as defined in the Company's announcement dated 4 February 2018) on or before the completion date of the LP Transfer Agreement, Ying Peng Asset Management and Guotai Junan agreed, subject to the relevant laws and regulations and the approval procedures of the Partnership, to use their best endeavours to procure that within 60 days from the completion date of the LP Transfer Agreement, all partners of the Partnership to agree to the Company (or its nominee(s)) becoming a general partner of the Partnership and be appointed as a fund manager of the Partnership.

* *English name is for identification purpose only*

OTHER TRANSACTIONS (continued)

(i) Termination of the acquisition of interest of a limited partner in a PRC limited partnership (continued)

On 31 July 2018, the Purchaser terminated the LP Transfer Agreement with the Vendor as conditions set out in the LP Transfer Agreement were not satisfied. Accordingly, the GP Framework Agreement was also terminated. The Board believes that termination of the LP Transfer Agreement would not have any material adverse impact on the business, operation and the financial position of the Group.

On 8 August 2018, the Vendor returned the refundable deposit together with the accrued interest amounted to RMB318,549,000 (equivalent to approximately HK$365,782,000 at refund date) to the Purchaser.

Further details of the LP Transfer Agreement, the GP Framework Agreement, termination of the LP Transfer Agreement and GP Framework Agreement as well as the refund of refundable deposit are set out in the Company's announcements dated 4 February 2018, 31 July 2018 and 8 August 2018, respectively.

(ii) Acquisition of GM Okinawa Seragaki Godo Kaisha ("GMO") by Seragaki

On 29 March 2019, Seragaki and ASA entered into a sale and purchase agreement (the "GMO SPA"), pursuant to which Seragaki agreed to acquire from ASA, and ASA agreed to sell to Seragaki the entire equity interest in GMO, in consideration of Seragaki assuming all the obligations of the ASA Shareholders Loan owed by ASA, and procuring a release and discharge by GMI and Magnum Opus, respectively, of ASA from the ASA Shareholders Loan.

Upon completion, the effective interest held by the Group in ASA and GMO as well as the ASA Shareholders Loan will remain the same. Save for the change in lender from GM K.K. to GMI and the borrower from ASA to Seragaki, the terms of the ASA Shareholders Loan Agreement will remain unchanged and in full force.

Further details are set out in the Company's announcement dated 29 March 2019.

AUDITORS

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

By order of the board of Directors

FENG Wen
Chairman

Hong Kong, 28 June 2019

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

REPORTING STANDARD AND SCOPE

This report is the third Environmental, Social and Governance ("ESG") Report ("ESG Report") released by Golden Meditech Holdings Limited (the "Company" or "Golden Meditech", together with its subsidiaries, collectively referred to as the "Group"). The ESG Report is prepared in accordance with the ESG Reporting Guide (the "Guide") set out in Appendix 27 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, and adopts four reporting principles as set out in the Guide, including Materiality, Quantitative, Balance and Consistency, as the basis of preparation of this report.

The ESG Report allows every stakeholder to understand the progress and direction of sustainable development of the Group for the fiscal year ended 31 March 2019 ("FY2018/2019" or the "Year") through reporting the policies, measures and performances in the ESG aspects. The ESG Report not only discloses environmental key performance indicators ("KPI") in accordance with the "Comply or Explain" provisions set out in the Guide, but also reports on certain KPIs related to the "Proposed Disclosures" in the Guide. To ensure the accuracy of environmental KPIs, the Group has engaged Carbon Care Asia, a professional consulting firm, to conduct carbon evaluation.

Same as last year, the ESG Report focuses on the hospital operation in Shanghai (referred to as the "Hospital") and manufacturing in Beijing Plant (the "Plant") of Golden Meditech (collectively referred to as "Each Operation Site"). The ESG Report currently does not cover all the operations of the Group. However, the Group plans to gradually upgrade its green data collection system and extend its reporting scope in the future.

The Group has established an internal control and formal review procedures to ensure that all information presented in the ESG Report is accurate and reliable. The board of directors (the "Board") of the Company confirmed and approved the ESG Report in June 2019. A complete content index of the Guide is appended at the back of this report for easier reference of readers.

The Group values the feedback from its stakeholders. If you are in doubt or have any recommendations in regards to the contents or the presentation of this ESG Report, please contact us through the following means:

Email: ir@goldenmeditech.com

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

ESG

The Board understands good corporate governance strategies are critical for achieving the Company's business development, future goals and plans. These strategies can also help the Group to embrace opportunities and face challenges when managing its sustainable development. At present, the Board empowers the management and various functional departments to take charge of the daily business management of the Group.

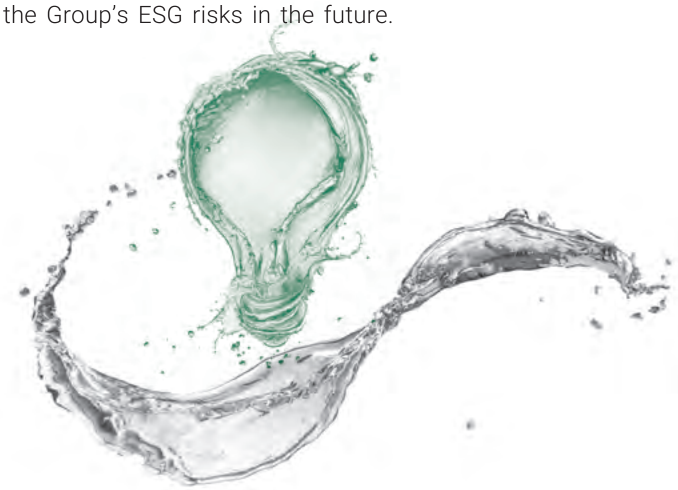
The Board has vital oversight role in assessing the Group's environmental and social impacts. An ESG taskforce was set up to monitor the Group's green initiatives. The responsibility for execution of sustainable strategies is delegated through the Chief Executive to the senior executives of the ESG taskforce. To promote progress in this respect, the Board will constantly review the responsibilities, structure and resources available to the ESG taskforce.

Risk Management and Internal Controls

Risk management is a key component of good corporate governance. The Board is responsible for monitoring the Group's overall risk management and internal control mechanisms while confirming its effectiveness through the Audit Committee of the Company. The Company has set up an enterprise risk management framework to help identifying risks from different key operational processes, namely asset management, investment management and human resource management. The Group conducts a potential risk impact assessment at least once a year. Presently, the Group has identified certain ESG risks through risk management and internal control systems.

Principal ESG Risks	Impacts	Control Measures
Employment relationship	As a company primarily engages in providing healthcare services, the Group recognises the importance of recruitment and retention of qualified medical staff to its business. Failure to attract and retain these talents will have certain impacts on the Group's operations.	The Group is able to retain staff and attract new talents by providing competitive remuneration package, safe working environment and career advancement opportunities.

The Group will progressively integrate the ESG principles into its risk management and internal control systems to better identify and manage the Group's ESG risks in the future.



COMMUNICATION WITH STAKEHOLDERS

The Group emphasises on communicating with stakeholders[1] in a timely manner and commits to build a mutual trust relationship. Constant communication will not only enable stakeholders to understand the Group's plans and guidelines on sustainable development, but also provide opportunities for the Group to listen to comments from the stakeholders. This enables the Group to address potential areas of sustainable risks and opportunities, and at the same time, to further identify and prioritise different sustainable issues and formulate appropriate policies and measures.

Major Stakeholders' Communication Modes during the Year

Internal Stakeholders	External Stakeholders
Board, management and employees	Shareholders, investors, banks, cooperative partners and regulatory authorities

Communication modes

Email, circulars, letters, telephone, meetings, interviews, plant visit and AGM/EGM, etc.

Major Sustainable Development Issues during the Year

The Group engaged an independent consultant to conduct management interviews to understand the sustainability strategy and direction, and identify environmental and social issues that are critical to the Group and stakeholders. Combining the results of interviews and expert opinions, the Group selected 3 of the 11 environmental and social categories from the Guide as the focuses of this ESG Report.

Environment (under "Environmental Protection" section)	Employment and Labour Practices (under "Employee Care" section)
• Emissions • Use of resources	• Provision of a healthy and safe working environment

1 "Stakeholders", also refers to as "interested parties", "equity holders" or "parties involved", means any group or individual who has significant impact on, or under significant impact of, the business of the Group, including the board of directors, management, staff as well as external shareholders, investors, banks, partners and regulatory authorities.

ENVIRONMENTAL PROTECTION

The Group is committed to reducing the environmental impact caused by its operations, which include medical devices production and hospitals operation. To this end, the Environmental Protection Policy Statement has been established to standardise the environmental protection effort.

Emissions

Greenhouse gas ("GHG")

During the Year, Each Operation Site generated a certain amount of GHG emissions due to the purchased electricity and steam[2]. In order to minimise the impact of GHG emissions on the environment, the Group is committed to reducing GHG emissions from its business operations through the Environmental Protection Policy Statement. The Group has engaged Carbon Care Asia to conduct a carbon assessment in order to quantify the GHG emissions generated from its operations (the "Carbon Emission"). The quantification was carried out by referring to the Guidelines[3] released by the National Development and Reform Commission of the People's Republic of China, as well as ISO 14064–1 and Greenhouse Gas Protocol, and other international standards.

Environmental KPI：GHG

Indicator	Emissions (tonnes CO_2 equivalent)	
	FY2018/2019	FY2017/2018
Total GHG emissions (Scope 1, 2 and 3)	**2,359.9**	2,886.3
Total GHG emissions (Scope 1 and 2)	**2,333.4**	2,860.5
Scope 1	**107.7**	98.8
Scope 2	**2,225.7**	2,761.7
Scope 3	**26.5**	25.8
GHG emissions intensity (tonne CO_2 equivalent/RMB10,000)	**0.1**	0.2

Scope 1 Direct GHG emissions: direct greenhouse gas emissions from Each Operation Site;

Scope 2 Energy indirect GHG emissions: "indirect energy" GHG emissions resulting from the generation of purchased or acquired electricity, heating, cooling and steam consumed by Each Operation Site;

Scope 3 Other indirect GHG emissions: all other indirect GHG emissions from outside of Each Operation Site, including upstream and downstream emissions.

2 Since the Hospital shared the same building with Shanghai East Hospital （上海市東方醫院） and could not independently measure the steam consumption, this report only incorporated the related consumption of the Plant into the carbon assessment.

3 Accounting Methods and Reporting Guidelines for Greenhouse Gas Discharged by Machinery Equipment Manufacturers (Trial) and Accounting Methods and Reporting Guidelines for Greenhouse Gas Discharged by Public Building Operators (Trial).

Total carbon emissions
2,359.9 tonnes of CO_2 equivalent

Generated by **purchased electricity** proportion of carbon emissions: 56.1%

Carbon emissions density
(at revenue)
0.1 tonnes/ RMB10,000

The main source of CO_2 equivalent GHG emissions is associated with Scope 2 emissions, contributing to more than 94% of the total carbon emissions during the Year. Among which, the indirect GHG emissions generated by purchased electricity accounted for 56.1% of the total carbon emissions, reaching 1,321.6 tonnes of CO_2 equivalent; while, the purchased steam generated a total of 896.8 tonnes of CO_2 equivalent GHG, accounting for 38.0% of the total carbon emissions. Minor changes were noted in the GHG emissions data under Scope 1 and Scope 3 when compared with FY2017/2018.

Waste

The Hospital produces hazardous wastes such as infectious and damaging wastes, and non-hazardous wastes such as office papers from its operation. We have engaged qualified contractors to collect, treat and dispose of all these wastes. The Hospital sets out standardised medical waste treatment in its Compilation of Rules and Regulations for Medical and Operating Specifications for Medical Waste Treatment. The policy states that:

Type of Waste	Treatment
Damaging wastes (such as needles and suture needles)	Damaging wastes should be stored in a special anti-stab box and the use of collection bag is forbidden, with a view to avoid cutting the collection bag during transportation and causing bodily injuries.
Infectious wastes and wastes from laboratory/ inspection departments	Daily infectious wastes such as blood specimens, test tubes and syringes should be transported by specially-assigned personnel to the temporary waste storage point of the Hospital, and to be collected and disposed of by a qualified third party handler.

In the event of loss or leakage of medical waste, the Hospital will initiate an immediate emergency plan and carry out on-site rescue operation.

The Plant generated a certain volume of hazardous wastes (such as mercury-containing fluorescent tubes) and non-hazardous wastes[4] during the Year. It engaged qualified third-party companies to recycle the mercury-containing wastes.

[4] As the cleaning department directly handles the non-hazardous waste generated by the Plant, no relevant statistics are available.

Environmental KPI：Waste

Indicator	Emissions (tonnes)	
	FY2018/2019	FY2017/2018
Total hazardous wastes	**1.04**	1.47
Mercury-containing wastes	**0.10**	0.15
Damaging wastes	**0.07**	0.12
Infectious wastes	**0.87**	1.20
Hazardous wastes emissions density (tonne/RMB10,000)	**0.0001**	0.0003
Total non-hazardous wastes[5]	**0.5**	1.0
Office papers	**0.5**	1.0
Non-hazardous wastes emissions density (tonne/RMB10,000)	**0.0001**	0.0002

During the Year, Each Operation Site generated 1.04 tonnes of hazardous waste, representing a 29.3% decrease on FY2017/2018. On the other hand, total non-hazardous wastes generated was 50.0% less than FY 2017/2018.

Exhaust Gas

The exhaust gas of Each Operation Site were mainly emitted from the kitchen equipment and company-owned vehicle fleet. Among which, a total of 57.0kg of nitrogen oxides was generated during the Year, an increase of about 2.7 times when compared with FY2017/2018. This was mainly due to more vehicles were used by the operation of the Plant. According to the Environmental Protection Policy Statement, Each Operation Site of the Group shall endeavour to reduce the air pollutants generated during the operation.

Environmental KPI：Exhaust gas

Indicator	Emissions (kg)	
	FY2018/2019	FY2017/2018
Nitrogen oxides	**57.0**	15.5[6]
Sulfur oxides	**4.1**	0.2[6]
Suspended particle	**2.3**	2.1

[5] Only included the data of the Hospital.

[6] Only included emissions data from vehicles owned by the Hospital.

Wastewater

Wastewater produced during the operation of the Hospital is treated by the centralised wastewater treatment station of Shanghai East Hospital. Third party testing agency tested the wastewater to ensure that the pollutants quality meet the emission standards. The wastewater produced from the operation of the Plant is discharged to designated municipal drainage pipe networks. Personnel of the Plant carry out periodic inspection to safeguard the normal working condition of the pipelines.

The Group strictly follows the Environmental Protection Law of the People's Republic of China, Law of the People's Republic of China on Prevention and Control of Water Pollution, and Law of the People's Republic of China on Prevention and Control of Atmospheric Pollution. During the Year, the Group did not have any cases of noncompliance related to emission.

Use of Resources

The Group's operations use different resources which include purchased energy (electricity and steam), fossil fuels (gasoline and diesel), water and product packaging materials.

Energy

With purchased electricity contributing 56.1% of our total carbon emissions, much of our efforts have been devoted to making a difference in this area. The Hospital has numerous measures in place to improve the efficient use of energy. For example, the staff will turn off the medical equipment when not in use, without compromising the performance and normal use of those equipment. Likewise, in order to save electricity consumption, the Plant has installed LED lighting in certain places and adjusted the operation mode of the plant facilities according to the actual production conditions.

Environmental KPI：Energy

Indicator	Consumption (MWh equivalent)	
	FY2018/2019	FY2017/2018 (Note)
Total energy consumption	**4,924.4**	4,721.1
Electricity[7]	**2,168.8**	2,184.2
Heat (steam)[7]	**2,279.1**	2,096.6
Gasoline	**233.6**	211.3
Diesel[7]	**32.5**	22.6
Natural gases[7]	**210.4**	206.4
Energy consumption density (MWh equivalent/RMB10,000)	**0.31**	0.33

Note: The energy indicators in FY2017/2018 were recalculated to ensure comparison with that of FY2018/2019, except electricity.

7 Only includes the data of the Plant.

Water

To conserve daily water consumption, the Plant's personnel perform periodic check on the water pipes and cooling equipment pipes to reduce the probability of water leakage that may occur during operation. In case of water leakage, the logistics department will carry out immediate repair. Water consumption of the Plant during the Year was in-line with FY2017/2018.

Environmental KPI：Water

Indicator	Consumption (m^3)	
	FY2018/2019	FY2017/2018
Water[8]	**19,741**	19,483
Water consumption density (m^3/RMB10,000)	**1.7**	2.0

Packing Materials

The Group strongly advocates cleaner production. During the Year, the usage of packaging materials for the Plant was in-line with FY2017/2018.

Environmental KPI：Packing materials

Indicator	Consumption (tonnes)	
	FY2018/2019	FY2017/2018
Packing materials[9]	**63**	64
Packing materials density (tonnes/RMB10,000)	**0.005**	0.006

Environment and Natural Resources

Golden Meditech recognises its responsibilities for the potential direct and indirect negative environmental impacts associated with its operations. The Plant sets up an emergency response team to formulate preventive measures for environmental emergencies and organise emergency drills, which aims to minimising the detrimental impacts of the environmental incidents on its surrounding ecological environment.

8 Since the Hospital shared the same building with Shanghai East Hospital and could not independently measure the water consumption, this report only includes the water consumption of the Plant.

9 Only includes the data of the Plant.

EMPLOYEE CARE

Golden Meditech recognises the challenges of safeguarding the legitimate rights and interests and meeting the present and future needs of its employees. To address these challenges, the Group is committed to creating an equal, healthy, safe as well as sustainable working environment for its employees.

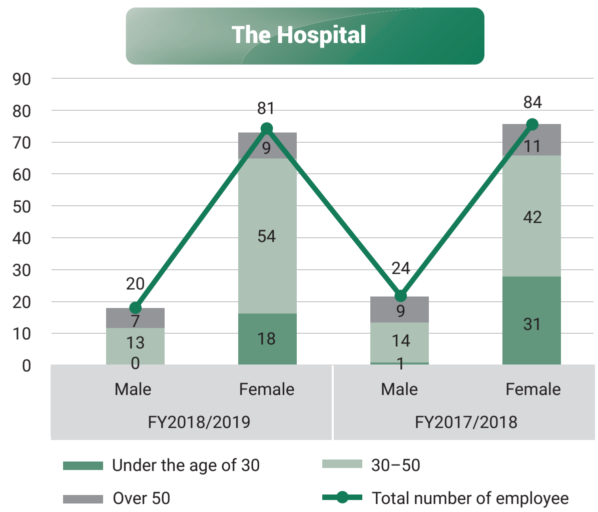
Employment

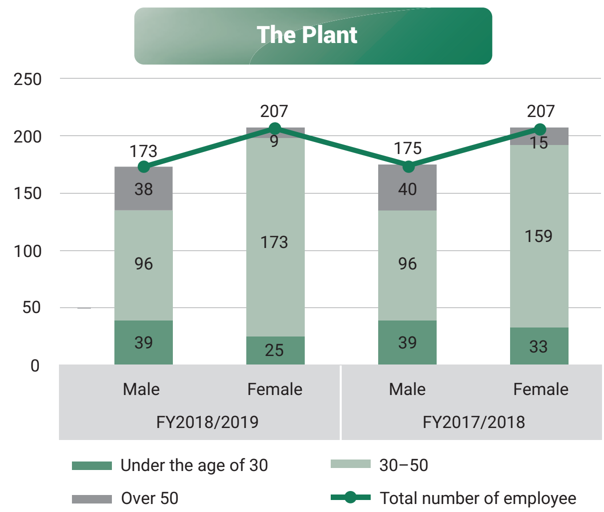
The Group pays attention to the establishment of a sound employment system and respects the rights of employees to equal opportunities, reasonable remuneration and working hours. Each operation site uses the internal guidelines and policies contained in the Employee Handbook, Recruitment System and Employment and Labour Practices Policy Statement to provide explicit administrative measures for remuneration and promotion, recruitment and dismissal, working hours, holidays, anti-discrimination, diversity, equal opportunities and other benefits.

The Group cares about providing equal opportunities to all employees in their daily work. All decisions regarding recruitment, appointment, promotion and bonus payment are based solely on the employee's academic qualifications, work experience and comprehensive quality, and not on gender, age, nationality and marital status.

The number of employees employed in the Hospital and the Plant during the Year were 101 (FY2017/2018: 108) and 380 (FY2017/2018: 382) respectively.

Employees of Each Operation Site by Gender and by Age





FY2018/2019 Employees of Each Operation Site by Position

Operation Site	Gender	Category	Below the age of 30	30–40	41–50	Over 50	Total number of employee
The Hospital	Male	Middle and Senior Management	0	1	0	1	101
		General Staff	0	7	5	6	
	Female	Middle and Senior Management	1	3	4	4	
		General Staff	17	36	11	5	
The Plant	Male	Middle and Senior Management	0	3	4	8	380
		General Staff	39	57	32	30	
	Female	Middle and Senior Management	0	4	4	0	
		General Staff	25	123	42	9	

During the Year, the staff turnover rate of the Hospital and the Plant were 20.8% (FY2017/2018: 25.9%) and 13.4% (FY2017/2018: 18.1%), respectively. To further strengthen the staff management and reduce the turnover rate, the Group has tried to retain talents through arranging an exit interview. At the same time, the Group also believes in the importance of promoting good corporate culture and employees' sense of centripetal force.

The Group complies with all applicable laws and regulations in the Labour Law of the People's Republic of China, Law of the People's Republic of China on Labour Contracts and Law on the Protection of Women's Rights and Interests of the People's Republic of China. During the Year, the Group was not aware of any cases of violation of laws and regulations concerning employment.

Health and Safety

The Hospital

The major risk of occupational health and safety faced by the Hospital's medical staff is exposure to infection due to the nature of its business. A series of internal codes have been formulated, such as Personal Protection System, Infection Training System and Standard Operating Procedures for Occupational Exposure Protection, to reduce the probability of Hospital's staff suffering from occupational diseases at work.

As stated in the Personal Protection System, the Hospital provides personal protective equipment like protective clothing, masks, goggles and gloves according to the nature of the employee's work, which come with instructions for use. In addition, through the Infection Training System, the Hospital has regularly organised internal and external trainings to help employees with occupational disease prevention knowledge and to enhance the employees' health and safety awareness.

The Plant

The Plant formulates a series of standardised health and safety policies according to its operational nature. Those policies include the Emergency Rescue and Management System for Occupational Hazards, Warning and Informing Policy for Occupational Hazards and Liability System for Prevention and Control of Occupational Hazards, etc..

According to the Warning and Informing Policy for Occupational Hazards, the human resources department will make known to the employee the potential occupational hazards in the workplace when signing the contract. Meanwhile, employees are also alerted to the rules and regulations of occupational disease prevention and emergency treatment methods through bulletin board and warning signs in the production site. The production department conducts an annual occupational hazard factor test and announces the test results to the relevant personnel.

Additionally, the Plant has set up an emergency response organisation for occupational disease hazards, which is responsible for formulating emergency rescue plans for occupational disease hazards, and giving guidelines such as escape route, meeting point location and medical rescue plan to minimise the impact of occupational hazards on employee's health and safety.

The Group follows the Production Safety Law of the People's Republic of China, Law of the People's Republic of China on the Prevention and Control of Occupational Diseases and Law on the Protection of Women's Rights and Interests of the People's Republic of China. During the Year, the Group was not aware of any cases of work-related injuries or deaths, and there is no case of violation of laws and regulations concerning health and safety.

Development and Training

The Group continues to upgrade its training programmes to improve vocational skills and offer future career guidance for its talents. Each Operation Site has formulated policies such as Administrative Measures for Training and Management System for Staff Training to specify the relevant measures for employee training.

The Hospital

There are four types of training in the Hospital, namely new hire, on-the-job, internal and external trainings. The internal trainings cover topics like diagnostic criteria for hospital infection, infection monitoring, infection outbreak controls, rational use of anti-infective drugs and treatment of medical waste. In addition, the Group supports and subsidises employees to receive external training according to their work needs.

During the Year, all employees of the Hospital have participated in different types of training, and the percentage of trainees reached 100% (FY2017/2018: 82%), with a total of 998 training hours (FY2017/2018: 255 training hours) and an average of 9.9 training hours (FY2017/2018: 2.4 training hours) per staff.

The Plant

In addition to the regular training format, the Plant also sets up a "1+1 Staff Mentor System", a self-learning training programme and an e-learning platform to help employees understand their job requirements. The "experienced staff provides guidance to junior staff" scheme aims to to develop our experienced employees into coaches and trainers.

During the Year, the percentage of trainees at the Plant reached 15% (FY2017/2018: 14%), with a total of 1,296 training hours (FY2017/2018: 2,032 training hours) and an average of 3.4 training hours (FY2017/2018: 5.3 training hours) per staff.

Labour Standards

The Group strictly prohibits the use of child labour and forced labour at all operation sites and upholds its position through the Employment and Labour Practices Policy Statement.

For child labour, the Group will verify applicants' identification documents at the time of recruitment to ensure that their age reaches the minimum working age as prescribed by law. In addition, the Group has developed remedial measures to deal with the misuse of child labour in a timely manner. The Group spells out the working hours and rest time of employees in the Labour Contracts according to legal requirements, and does not encourage overtime work.

The Group complies with relevant laws and regulations in the Labour Law of the People's Republic of China and Law of the People's Republic of China on the Protection of Minors. During the Year, the Group has no case of violation of laws and regulations concerning child labour and forced labour.

OPERATION MANAGEMENT

The Group attaches great importance to its operational responsibility and is committed to providing efficient and safe services and products to its clients. To ensure that the interests of all stakeholders are preserved, the Group also values the importance to adhering to business ethics and complying with relevant laws and regulations where it operates.

Supply Chain Management

The Group understands the importance of supply chain management for its services and products. To this end, the Group has laid down the Policy Statements on Supply Chain Management, Product Responsibility and Anti-corruption. Moreover, the Hospital and the Plant have adopted the Administrative Measures for Suppliers and Procurement Control Procedures, respectively. These policies and procedures can help the Group to select suppliers that meet the quality, environmental and social requirements of the Group's products. During the Year, the Hospital and the Plant cooperated with 35 and 12 suppliers located in mainland China, respectively.

The Hospital

Supplies to the Hospital are categorised into medical consumables, medical drugs and office consumables. During the course of selecting suppliers, the supplier shall submit a supplier information sheet together with the valid production license and other supporting documents to ensure that the product quality meets the national and industry requirements. The supplier review panel will conduct on-site visits to certain suppliers according to the actual situation. In every December, the equipment management department organises an annual supplier assessment meeting to summarise the performance of each supplier and evaluate the cooperation relationship with suppliers.

The Plant

The main items purchased by the Plant are the raw materials and parts required for the production of medical equipment. During the procurement process, in addition to paying attention to the quality of its products, the Plant also requires suppliers to furnish documents such as safety certification of products and ROHS[10] directive compliance document. Suppliers are also required to pass the annual assessment to meet the Plant's requirements in terms of product quality, environmental management as well as child labour and forced labour issues, in order to reduce the social and environmental risks of our supply chain.

Product Responsibility

Quality Management

The Hospital

As the Hospital serves a variety of patients, it shoulder the responsibility for ensuring the health and safety of its patients. The medical team follows the established Compilation of Rules and Regulations for Medical and vows to provide high quality and safe medical service to its patients. Regular in-house inspections by management and sampling inspections by local authorities are carried out to ensure the Hospital maintains drug safety.

The Plant

To ensure the quality of the medical devices produced by the Plant conforms to the national and industrial standards, the Plant has developed the Inspection and Test Control Procedures, which stipulates that the Research and Development Center shall organise relevant departments to inspect the products according to the technical specifications. For example, those injection-molding parts that are subject to the First-Parts Process Inspection Specification should pass the test before they can enter the next phase of the production.

Customer Opinion Management

The Group values the opinions and suggestions from its customers. The Hospital learns about the patients' needs through the satisfaction questionnaire. A complaint handling procedure has also been established, which promises to give the patients an appropriate response within five days. On the other hand, the Plant develops a Customer Feedback and Complaint Handling Control Procedure to standardise the customer complaint management, and record all feedback and complaint handling processes in the Customer Feedback/Complaint Handling Form.

During the Year, the Plant received a total of six complaints mainly due to the quality of the products. To this end, the Plant has arranged relevant personnel to apply various methods like on-site visits, free recycling and replacement of products as well as product maintenance, to solve these quality issues.

Customer Data Protection

Each Operation Site undertakes to protect data privacy. It adopts adequate measures and follows the Policy Statements on Supply Chain Management, Product Responsibility and Anti-corruption strictly when collecting, processing and storing customers' personal data. In the event of any leakage of customers' information, Each Operation Site shall take immediate remedial measures to resolve the relevant incidents effectively.

10 ROHS refers to the restriction of the use of certain hazardous substances in electrical and electronic equipment.

Intellectual Property Rights Protection

The Group focuses on intellectual property rights protection. Through strengthening its internal management, Each Operation Site has taken adequate measures to protect its own intellectual property rights from infringement, at the same time, reduce the risk of infringing others' intellectual property rights.

Advertising Management

The Hospital invests in advertising as and when its operation needed. In order to standardise the relevant management, the Hospital has developed the Advertising Content Standards. The policy stipulates that all advertisements must be based on facts and prohibits the overstatement of actual results. In addition, narcotic drugs, psychotropic drugs, toxic drugs and radioactive drugs shall not be advertised.

The Group complies with the Drug Administration Law of the People's Republic of China, Regulations on the Administration of Medical Institutions and Regulations on the Supervision and Administration of Medical Devices. During the Year, there were no illegal or irregular issues related to product liability involving the Group.

Anti-corruption

The Group opposes any form of corruption in the workplace, such as bribery, extortion, fraud and money laundering. The Group has drawn up the Policy Statements on Supply Chain Management, Product Responsibility and Anti-corruption to clarify the Group's position on anti-corruption issues. In addition, Each Operation Site also governs the daily behavior of the employees through the Employee Handbook. Corruption by employees is regarded as a serious disciplinary offence. Once discovered, Each Operation Site will initiate an investigation procedure based on the alleged situation and reserve the right to terminate the labour contract.

The Group complies with the relevant laws and regulations in the Anti-Unfair Competition Law of the People's Republic of China, Anti-Money Laundering Law of the People's Republic of China, and Criminal Law of the People's Republic of China. During the Year, there were no illegal or irregular issues related to corruption, nor were there any corruption-related litigations involving the Group and its employees.

COMMUNITY INVESTMENT

The Group pays close attention to the real needs of the communities where it operates and encourages all employees to participate in community services, publicity and education and gifts-in-kind donations. Going forward, the Group will review the resources invested in community development from time to time, and endeavour to promote sustainability by working with neighboring communities in accordance with the Community Investment Policy Statement.

During the Year, the Hospital has provided voluntary medical support at several community activities and disseminated free health education to the public. In addition, the Plant has sponsored and participated in several medical seminars organised by hospitals and medical institutions related to its Autologous Blood Recovery System products.

ESG REPORTING GUIDE

Subject Areas	Contents	Page/Note
A. Environmental		
A1 Emissions		
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to air and GHG emissions, discharges into water and land, and generation of hazardous and non-hazardous waste.	70-73
A1.1	The types of emissions and respective emission data.	70-73
A1.2	GHG emissions in total (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	70-71
A1.3	Total hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	72
A1.4	Total non-hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	72
A1.5	Description of measures to mitigate emissions and results achieved.	72
A1.6	Description of how hazardous and non-hazardous wastes are handled, reduction initiatives and results achieved.	71
A2 Use of Resources		
General Disclosure	Policies on the efficient use of resources, including energy, water and other raw materials.	70
A2.1	Direct and/or indirect energy consumption by type (e.g. electricity, gas or oil) in total (kWh in ’000s) and intensity (e.g. per unit of production volume, per facility).	73
A2.2	Water consumption in total and intensity (e.g. per unit of production volume, per facility).	74
A2.3	Description of energy use efficiency initiatives and results achieved.	73
A2.4	Description of whether there is any issue in sourcing water that is fit for purpose, water efficiency initiatives and results achieved.	74; there is no issue in sourcing water that is fit for purpose.
A2.5	Total packaging material used for finished products (in tonnes) and, if applicable, with reference to per unit produced.	74

Subject Areas	Contents	Page/Note
A3 Environment and Natural Resources		
General Disclosure	Policies on minimising the issuer's significant impact on the environment and natural resources.	70
A3.1	Description of the significant impacts of activities on the environment and natural resources and the actions taken to manage them.	74
B. Social		
B1 Employment		
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to compensation and dismissal, recruitment and promotion, working hours, rest periods, equal opportunity, diversity, anti-discrimination, and other benefits and welfare.	75-76
B1.1	Total workforce by gender, employment type, age group and geographical region.	75-76
B1.2	Employee turnover rate by gender, age group and geographical region.	76
B2 Health and Safety		
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to providing a safe working environment and protecting employees from occupational hazards.	76-77
B2.1	Number and rate of work-related fatalities.	77
B2.3	Description of occupational health and safety measures adopted, how they are implemented and monitored.	76-77
B3 Development and Training		
General Disclosure	Policies on improving employees' knowledge and skills for discharging duties at work. Description of training activities.	77
B3.1	The percentage of employees trained by gender and employee category (such as senior management and middle management).	77-78
B3.2	The average training hours completed per employee by gender and employee category.	77-78
B4 Labour Standards		
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to preventing child and forced labour.	78
B4.1	Description of measures to review employment practices to avoid child and forced labour.	78

Subject Areas	Contents	Page/Note
B5 Supply Chain Management		
General Disclosure	Policies on managing environmental and social risks of the supply chain.	78
B5.1	Number of suppliers by region.	78
B5.2	Description of practices relating to engaging suppliers, number of suppliers where the practices are being implemented, how they are implemented and monitored.	78-79
B6 Product Responsibility		
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to health and safety, advertising, labelling and privacy matters relating to products and services provided and methods of redress.	79-80
B6.2	Number of products and service related complaints received and how they are dealt with.	79
B6.3	Description of practices relating to observing and protecting intellectual property rights.	80
B6.4	Description of quality assurance process and recall procedures.	79
B6.5	Description of consumer data protection and privacy policies, how they are implemented and monitored.	79
B7 Anti-corruption		
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to bribery, extortion, fraud and money laundering.	80
B7.1	Number of concluded legal cases regarding corrupt practices brought against the issuer or its employees during the reporting period and the outcomes of the cases.	80
B7.2	Description of preventive measures and whistle-blowing procedures, how they are implemented and monitored.	80
B8 Community Investment		
General Disclosure	Policies on community engagement to understand the needs of the communities where the issuer operates and to ensure its activities take into consideration the communities' interests.	80
B8.1	Focus areas of contribution (e.g. education, environmental concerns, labour needs, health, culture, sport).	80

INDEPENDENT AUDITOR'S REPORT

KPMG

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

(Incorporated in the Cayman Islands with limited liability)

OPINION

We have audited the consolidated financial statements of Golden Meditech Holdings Limited ("the Company") and its subsidiaries ("the Group") set out on pages 91 to 204, which comprise the consolidated statement of financial position as at 31 March 2019, the consolidated income statement, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated cash flow statement for the year then ended and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 March 2019 and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

BASIS FOR OPINION

We conducted our audit in accordance with Hong Kong Standards on Auditing ("HKSAs") issued by the HKICPA. Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the consolidated financial statements* section of our report. We are independent of the Group in accordance with the HKICPA's *Code of Ethics for Professional Accountants* ("the Code") together with any ethical requirements that are relevant to our audit of the consolidated financial statements in the Cayman Islands, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

KEY AUDIT MATTERS

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

KEY AUDIT MATTERS (continued)

Assessing impairment of non-current assets in relation to the hospital business

Refer to note 14 to the consolidated financial statements and the accounting policies on pages 119 to 120.

The Key Audit Matter	How the matter was addressed in our audit
The Group's hospital business includes the operations of three hospitals and has been loss making since the year ended 31 March 2013. Accordingly, management considered that there was an indication of impairment of non-current assets in relation to the hospital business, which primarily comprised goodwill, property, plant and equipment and interests in leasehold land held for own use under operating leases which had carrying values of HK$134 million, HK$999 million and HK$859 million, respectively as at 31 March 2019. Management performed impairment assessments of the cash-generating units ("CGUs") of the hospital business to which the non-current assets were allocated at the year end to estimate their recoverable amounts by preparing discounted cash flow forecasts, which involved the exercise of significant management judgement and estimation, particularly in assessing the following: • future revenue growth rates; • future long-term growth rates; and • the discount rates applied. We identified assessing impairment of non-current assets in relation to the hospital business as a key audit matter because of the significance of non-current assets in relation to the hospital business to the consolidated statement of financial position and because of the complexity of the judgemental assumptions made by management in its impairment assessments, particularly in respect of the operation model, future revenue growth rates, future long term growth rates and the discount rates applied, which could be subject to management bias.	Our audit procedures to assess impairment of non-current assets in relation to the hospital business included the following: • evaluating the management's identification of CGUs, the amounts of non-current assets and other assets and liabilities allocated to each CGU and the methodology applied by management in its impairment assessments with reference to the requirements of the prevailing accounting standards; • comparing the most significant inputs adopted in the discounted cash flow forecasts, including forecast revenue, forecast cost of sales, forecast operating expenses and future long term growth rates with (i) the historical performance of the Group; and (ii) data from comparable companies and external market data; • engaging our internal valuation specialists to assist us in evaluating the methodology adopted by management in the preparation of the discounted cash flow forecasts with reference to the requirements of the prevailing accounting standards and assessing whether the discount rates applied were within the range adopted by other companies in the same industry; • performing a retrospective review of the prior year's discounted cash flow forecasts and comparing the forecast revenue and results with the current year's actual results to assess the reliability of management's forecasting process;

KEY AUDIT MATTERS (continued)

Assessing impairment of non-current assets in relation to the hospital business (continued)

Refer to note 14 to the consolidated financial statements and the accounting policies on pages 119 to 120.

The Key Audit Matter	How the matter was addressed in our audit
	• obtaining from management sensitivity analyses of the key assumptions adopted in the discounted cash flow forecasts and assessing the impact of changes in the key assumptions to the conclusions reached in the impairment assessments and whether there were any indicators of management bias; and • considering whether the disclosures in the consolidated financial statements in respect of the assessment of impairment of non-current assets in relation to the hospital business satisfy the requirements of the prevailing accounting standards.

KEY AUDIT MATTERS (continued)

Assessing impairment of receivables due from Sanpower Group Limited ("Sanpower")

Refer to notes 18 and 20 to the consolidated financial statements and the accounting policies on pages 114 to 119.

The Key Audit Matter	How the matter was addressed in our audit
In November 2016, the Group entered into an agreement with Sanpower, pursuant to which, Sanpower agreed to repay the Group US$300 million, equivalent to approximately HK$2,340 million, by five instalments within 36 months. As at 31 March 2019, the related outstanding balance due from Sanpower was US$110 million, equivalent to approximately HK$858 million, which accounted for approximately 12% of the total assets of the Group. During the year ended 31 March 2019, Sanpower failed to repay the fourth instalment to the Group. The Group does not hold any collaterals against the outstanding balance. As at 31 March 2019, management measured the loss allowance amounting to HK$493 million against the receivables due from Sanpower at an amount equal to lifetime expected credit losses, which is estimated by taking into account the revised estimates on repayment schedule and probability of default, exposures at default, adjustments for forward-looking information, and available remedies for recovery, etc., all of which are subject to management judgement. We identified the impairment of receivables due from Sanpower as a key audit matter because of its financial significance to the Group and because the assessment of its recoverability is inherently subjective and requires the exercise of significant management judgement.	Our audit procedures to assess impairment of receivables due from Sanpower included the following: • inspecting all the agreements related to the receivables due from Sanpower and checking the receipt of repayment during the year; • reviewing Sanpower's latest financial statements and conducting news research on Sanpower; • involving our internal valuation specialist to assist us in assessing the reliability of the expected credit loss model used by management in determining loss allowances, including assessing the appropriateness of the key parameters and assumptions in the expected credit loss model, including the identification of loss stage, probability of default, exposure at default, discount rate, adjustments for forward-looking information and other management adjustments and assessing the reasonableness of key management judgement; • for key parameters involving judgement, critically assessing input parameters by seeking evidence from external sources. As part of these procedures, we challenged management's revisions to estimates and input parameters compared with the ones on transition to the new accounting standard and considered the consistency of judgement. We compared the economic factors used in the models with market information to assess whether they were aligned with market and economic development; and • considering whether the disclosures in the consolidated financial statements in respect of the expected credit losses for the receivables due from Sanpower satisfy the requirements of the prevailing accounting standards.

INFORMATION OTHER THAN THE CONSOLIDATED FINANCIAL STATEMENTS AND AUDITOR'S REPORT THEREON

The directors are responsible for the other information. The other information comprises all the information included in the annual report, other than the consolidated financial statements and our auditor's report thereon.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

RESPONSIBILITIES OF THE DIRECTORS FOR THE CONSOLIDATED FINANCIAL STATEMENTS

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

In preparing the consolidated financial statements, the directors are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

The directors are assisted by the Audit Committee in discharging their responsibilities for overseeing the Group's financial reporting process.

AUDITOR'S RESPONSIBILITY FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. This report is made solely to you, as a body, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with HKSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

AUDITOR'S RESPONSIBILITY FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

As part of an audit in accordance with HKSAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the Audit Committee regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Audit Committee with a statement that we have complied with relevant ethical requirements regarding independence and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence and, where applicable, related safeguards.

AUDITOR'S RESPONSIBILITY FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

From the matters communicated with the Audit Committee, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in this independent auditor's report is Choi Chung Chuen.

KPMG
Certified Public Accountants

8th Floor, Prince's Building
10 Chater Road
Central, Hong Kong
28 June 2019

CONSOLIDATED INCOME STATEMENT

for the year ended 31 March 2019
(Expressed in Hong Kong dollars)

	Note	2019	2018
			(Note)
		$'000	$'000
Continuing operations			
Revenue	4	315,668	250,719
Cost of sales		(181,243)	(140,791)
Gross profit		134,425	109,928
Other net income	5	138,076	99,953
Selling and marketing expenses		(53,775)	(40,623)
Administrative expenses		(389,746)	(417,729)
Impairment loss on other receivables	6(c)	(378,843)	–
Impairment loss on available-for-sale securities	6(c)	–	(49,603)
Loss from operations		(549,863)	(298,074)
Finance costs	6(a)	(74,271)	(377,055)
Changes in fair value of financial instruments at fair value through profit or loss	6(c)	(13,971)	(47,485)
Share of losses of associates		(18,892)	(7,897)
Share of losses of joint ventures		(4,777)	(5,976)
Loss before taxation	6	(661,774)	(736,487)
Income tax expense	7(a)	(41,101)	(8,519)
Loss for the year from continuing operations		(702,875)	(745,006)
Discontinued operation			
Profit for the year from discontinued operation	8(b)(i)	–	4,108,092
(Loss)/profit for the year		(702,875)	3,363,086

CONSOLIDATED INCOME STATEMENT

for the year ended 31 March 2019
(Expressed in Hong Kong dollars)

	Note	2019 $'000	2018 (Note) $'000
Attributable to:			
Equity shareholders of the Company			
— continuing operations		**(675,444)**	(707,605)
— discontinued operation		**–**	4,106,754
		(675,444)	3,399,149
Non-controlling interests			
— continuing operations		**(27,431)**	(37,401)
— discontinued operation		**–**	1,338
		(27,431)	(36,063)
(Loss)/profit for the year		**(702,875)**	3,363,086
Basic and diluted (loss)/earnings per share (in cents)	12		
— continuing operations		**(23.2)**	(23.9)
— discontinued operation		**–**	138.8
		(23.2)	114.9

Note: The Group has initially applied HKFRS 9 and HKFRS 15 at 1 April 2018. Under the transition methods chosen, comparative information is not restated. See note 2(c).

The notes on pages 100 to 204 form part of these financial statements. Details of dividends payable to equity shareholders of the Company are set out in note 30(d).

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

for the year ended 31 March 2019
(Expressed in Hong Kong dollars)

	Note	2019	2018 Note (i)
		$'000	$'000
(Loss)/profit for the year		**(702,875)**	3,363,086
Other comprehensive income for the year (after tax and reclassification adjustments)			
Items that may be reclassified subsequently to profit or loss:			
Exchange differences on translation of financial statements to presentation currency	11	**(332,514)**	484,396
Share of other comprehensive income of associates and joint ventures	11	**(3,136)**	(628)
Available-for-sale securities: net movement in fair value reserve (recycling) (Note (ii))	11	**–**	(26,588)
Other comprehensive income for the year		**(335,650)**	457,180
Total comprehensive income for the year		**(1,038,525)**	3,820,266
Attributable to:			
Equity shareholders of the Company			
– continuing operations		**(1,013,668)**	(479,616)
– discontinued operation		**–**	4,264,269
		(1,013,668)	3,784,653
Non-controlling interests			
– continuing operations		**(24,857)**	(39,422)
– discontinued operation		**–**	75,035
		(24,857)	35,613
Total comprehensive income for the year		**(1,038,525)**	3,820,266

Notes:

(i) The Group has initially applied HKFRS 9 and HKFRS 15 at 1 April 2018. Under the transition methods chosen, comparative information is not restated. See note 2(c).

(ii) This amount arose under the accounting policies applicable prior to 1 April 2018. As part of the opening balance adjustments as at 1 April 2018, the balance of this reserve has been reclassified to retained earnings and will not be reclassified to profit or loss in any future periods. See note 2(c).

The notes on pages 100 to 204 form part of these financial statements.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

at 31 March 2019

(Expressed in Hong Kong dollars)

	Note	**2019**	2018 (Note)
		$'000	$'000
Non-current assets			
Property, plant and equipment	13(a)	**1,145,884**	1,258,234
Interests in leasehold land held for own use under operating leases	13(a)	**1,445,512**	1,526,912
		2,591,396	2,785,146
Goodwill	14	**173,119**	182,291
Interests in associates	16	**49,230**	40,941
Interests in joint ventures	17	**199,498**	104,992
Other financial assets	19	**38,921**	–
Available-for-sale securities	19	**–**	19,788
Other receivables	20	**371,959**	784,911
Deferred tax assets	29(b)	**12,978**	15,028
		3,437,101	3,933,097
Current assets			
Derivative financial assets	16	**–**	1,598
Inventories	21(a)	**23,927**	32,353
Trade and other receivables	22(a)	**158,348**	939,269
Pledged and time deposits	23	**672,515**	1,016,496
Cash and cash equivalents	24(a)	**3,068,456**	2,795,654
		3,923,246	4,785,370
Current liabilities			
Trade and other payables	25	**1,791,992**	1,775,036
Contract liabilities	26	**22,263**	–
Interest-bearing borrowings	27	**894,889**	231,807
Obligations under finance leases	28	**2,924**	3,311
Income tax payables	29(a)	**62,267**	66,585
		2,774,335	2,076,739
Net current assets		**1,148,911**	2,708,631
Total assets less current liabilities		**4,586,012**	6,641,728

at 31 March 2019
(Expressed in Hong Kong dollars)

	Note	2019 $'000	2018 (Note) $'000
Non-current liabilities			
Interest-bearing borrowings	27	–	918,784
Obligations under finance leases	28	**17,612**	20,153
Deferred tax liabilities	29(b)	**135,495**	148,430
Other non-current liabilities		**390**	419
		153,497	1,087,786
NET ASSETS		**4,432,515**	5,553,942
CAPITAL AND RESERVES			
Share capital	30(b)	**583,386**	583,386
Reserves	30(c)	**3,798,111**	4,892,176
Total equity attributable to equity shareholders of the Company		**4,381,497**	5,475,562
Non-controlling interests		**51,018**	78,380
TOTAL EQUITY		**4,432,515**	5,553,942

Approved and authorised for issue by the board of directors on 28 June 2019.

Feng Wen
Director

Leong Kim Chuan
Director

Note: The Group has initially applied HKFRS 9 and HKFRS 15 at 1 April 2018. Under the transition methods chosen, comparative information is not restated. See note 2(c).

The notes on pages 100 to 204 form part of these financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

for the year ended 31 March 2019
(Expressed in Hong Kong dollars)

	Note	Attributable to equity shareholders of the Company											
		Share capital $'000	Share premium $'000	Capital redemption reserve $'000	Merger reserve $'000	Exchange reserve $'000	Surplus reserve $'000	Fair value reserve $'000	Other reserves $'000	Retained earnings $'000	Total $'000	Non-controlling interests $'000	Total equity $'000
Balance at 1 April 2018 (Note)		583,386	2,368,990	21,521	54,193	362,444	99,129	(12)	(1,563,283)	3,549,194	5,475,562	78,380	5,553,942
Impact on initial application of HKFRS 9	2(c)	–	–	–	–	–	–	12	–	(80,409)	(80,397)	–	(80,397)
Adjusted balance at 1 April 2018		583,386	2,368,990	21,521	54,193	362,444	99,129	–	(1,563,283)	3,468,785	5,395,165	78,380	5,473,545
Changes in equity for the year ended 31 March 2019:													
Loss for the year		–	–	–	–	–	–	–	–	(675,444)	(675,444)	(27,431)	(702,875)
Other comprehensive income		–	–	–	–	(338,224)	–	–	–	–	(338,224)	2,574	(335,650)
Total comprehensive income for the year		–	–	–	–	(338,224)	–	–	–	(675,444)	(1,013,668)	(24,857)	(1,038,525)
Dividends to holders of non-controlling interests		–	–	–	–	–	–	–	–	–	–	(2,505)	(2,505)
Transfer to surplus reserve		–	–	–	–	–	337	–	–	(337)	–	–	–
Balance at 31 March 2019		583,386	2,368,990	21,521	54,193	24,220	99,466	–	(1,563,283)	2,793,004	4,381,497	51,018	4,432,515

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

for the year ended 31 March 2019
(Expressed in Hong Kong dollars)

		Attributable to equity shareholders of the Company												
	Note	Share capital $'000	Share premium $'000	Capital redemption reserve $'000	Capital reserve $'000	Merger reserve $'000	Exchange reserve $'000	Surplus reserve $'000	Fair value reserve $'000	Other reserves $'000	(Accumulated losses)/ retained earnings $'000	Total $'000	Non-controlling interests $'000	Total equity $'000
Balance at 1 April 2017		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
Changes in equity for the year ended 31 March 2018:														
Profit/(loss) for the year		–	–	–	–	–	–	–	–	–	3,399,149	3,399,149	(36,063)	3,363,086
Other comprehensive income		–	–	–	–	–	402,476	–	(16,972)	–	–	385,504	71,676	457,180
Total comprehensive income for the year		–	–	–	–	–	402,476	–	(16,972)	–	3,399,149	3,784,653	35,613	3,820,266
Repurchase and cancellation of own shares	30(b)(ii)	(9,842)	(49,017)	9,842	–	–	–	–	–	–	(9,842)	(58,859)	–	(58,859)
Dividend approved and paid during the year	30(d)	–	(875,080)	–	–	–	–	–	–	–	–	(875,080)	–	(875,080)
Dividends to holders of non-controlling interests		–	–	–	–	–	–	–	–	–	–	–	(5,476)	(5,476)
Cancellation of share options		–	–	–	(10,667)	–	–	–	–	–	10,667	–	–	–
Equity settled share-based payment expenses		–	–	–	38,671	–	–	–	–	–	–	38,671	11,548	50,219
Transfer to surplus reserve		–	–	–	–	–	–	2,472	–	–	(2,472)	–	–	–
Conversion of the convertible notes issued by a subsidiary		–	–	–	–	–	(12,196)	–	19,781	(546,791)	–	(539,206)	539,206	–
Disposal of subsidiaries		–	–	–	(121,478)	–	(139,406)	(149,284)	(59,151)	–	270,762	(198,557)	(1,209,398)	(1,407,955)
Balance at 31 March 2018		583,386	2,368,990	21,521	–	54,193	362,444	99,129	(12)	(1,563,283)	3,549,194	5,475,562	78,380	5,553,942

Note: The Group has initially applied HKFRS 9 and HKFRS 15 at 1 April 2018. Under the transition methods chosen, comparative information is not restated. See note 2(c).

The notes on pages 100 to 204 form part of these financial statements.

CONSOLIDATED CASH FLOW STATEMENT

for the year ended 31 March 2019
(Expressed in Hong Kong dollars)

	Note	2019	2018 (Note)
		$'000	$'000
Operating activities			
Cash (used in)/generated from operations	24(b)	**(103,698)**	646,896
Income tax paid		**(44,710)**	(89,318)
Net cash (used in)/generated from operating activities		**(148,408)**	557,578
Investing activities			
Proceeds from sale of property, plant and equipment		**2,684**	685
Payments for purchase of property, plant and equipment		**(44,097)**	(137,192)
Proceeds from cost adjustment of previously recognised property, plant and equipment		**–**	58,632
Payments for investments in associates		**–**	(257)
Loans to an associate		**(25,898)**	(7,535)
Payments for investments in joint ventures		**(1)**	(30,730)
Loan and advances to joint ventures		**(97,865)**	(10,140)
Proceeds from a third party under the Fortress Settlement Agreements	18	**429,000**	429,000
Payments to a third party under the Fortress Settlement Agreements	18	**–**	(429,000)
Return of earnest money to a third party		**–**	(374,251)
Net cash outflows in relation to the disposal of subsidiaries	8(b)(iv)	**–**	(118,837)
Advances to a third party		**–**	(1,896)
Refund of advances from a third party		**–**	5,638
Proceeds from disposal of other financial assets		**1,950**	–
Proceeds from investment income of available-for-sale securities		**–**	6,621
Placement of time deposits		**(29,240)**	(49,988)
Uplift of time deposits		**49,988**	74,000
Payment for an investment deposit to a third party		**–**	(394,933)
Refund of an investment deposit and interests from a third party		**365,782**	–
Dividend income from available-for-sale securities		**–**	816
Dividend income from a joint venture		**42**	–
Interest income from bank deposits	5	**16,995**	17,584
Interest income from loans to joint ventures		**1,208**	700
Distribution from fund investments	5	**6,903**	–
Net cash generated from/(used in) investing activities		**677,451**	(961,083)

for the year ended 31 March 2019
(Expressed in Hong Kong dollars)

	Note	2019 $'000	2018 (Note) $'000
Financing activities			
Payments for repurchase of own shares	30(b)(ii)	–	(58,859)
Payments for dividends to equity shareholders of the Company	30(d)	–	(875,080)
Payments for dividends to holders of non-controlling interests		(2,505)	(7,828)
Proceeds from investment deposits from a third party		117,689	286,632
Partial refund of investment deposits to a third party		(150,012)	–
Net proceeds from interest-bearing borrowings	24(c)	–	1,118,668
Repayments of interest-bearing borrowings	24(c)	(232,000)	(837,837)
Interest paid on interest-bearing borrowings and other charges	24(c)	(71,049)	(161,166)
Capital element of finance leases rentals paid	24(c)	(1,435)	(1,662)
Interest element of finance leases rentals paid	24(c)	(1,682)	(1,813)
Payment for redemption of convertible notes	24(c)	–	(196,762)
Interest paid on convertible notes	24(c)	–	(4,680)
Placement of deposits pledged for interest-bearing borrowings		–	(935,733)
Uplift deposits pledged for interest-bearing borrowings		273,640	–
Net cash used in financing activities		(67,354)	(1,676,120)
Net increase/(decrease) in cash and cash equivalents		461,689	(2,079,625)
Cash and cash equivalents at beginning of the year		2,795,654	4,397,306
Effects of foreign exchange rates changes		(188,887)	477,973
Cash and cash equivalents at end of the year	24(a)	3,068,456	2,795,654

Note: The Group has initially applied HKFRS 9 and HKFRS 15 at 1 April 2018. Under the transition methods chosen, comparative information is not restated. See note 2(c).

The notes on pages 100 to 204 form part of these financial statements.

(Expressed in Hong Kong dollars unless otherwise indicated)

1 BACKGROUND

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

On 24 January 2011, the Company completed the listing of 90,000,000 units of Taiwan Depositary Receipts ("TDRs"), representing 90,000,000 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").

On 22 November 2017, Taiwan Stock Exchange approved the Company's application of the voluntary delisting of TDRs from Taiwan Stock Exchange and the Company's TDRs ceased trading on 13 December 2017.

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

2 SIGNIFICANT ACCOUNTING POLICIES

(a) Statement of compliance

These financial statements have been prepared in accordance with all applicable Hong Kong Financial Reporting Standards ("HKFRSs"), which collective term includes all applicable individual HKFRSs, Hong Kong Accounting Standards ("HKASs") and Interpretations issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"), accounting principles generally accepted in Hong Kong and the disclosure requirements of the Hong Kong Companies Ordinance. These financial statements also comply with the applicable disclosure provisions of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules"). Significant accounting policies adopted by the Group are disclosed below.

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

2 SIGNIFICANT ACCOUNTING POLICIES (continued)

(b) Basis of preparation of the financial statements

The consolidated financial statements for the year ended 31 March 2019 comprise the Group and the Group's interests in associates and joint ventures.

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

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

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

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

(c) Changes in accounting policies

The HKICPA has issued a number of new HKFRSs and amendments to HKFRSs that are first effective for the current accounting period of the Group. Of these, the following developments are relevant to the Group's financial statements:

- HKFRS 9, *Financial instruments*
- HKFRS 15, *Revenue from contracts with customers*
- HK(IFRIC) 22, *Foreign currency transactions and advance consideration*

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

HK(IFRIC) 22 does not have a material effect on how the Group's results and financial position for the current or prior period have been prepared or presented in this annual report.

2 SIGNIFICANT ACCOUNTING POLICIES (continued)

(c) Changes in accounting policies (continued)

(i) HKFRS 9, Financial instruments

HKFRS 9 replaces HKAS 39, *Financial instruments: recognition and measurement*. It sets out the requirements for recognising and measuring financial assets, financial liabilities and some contracts to buy or sell non-financial items.

The Group has applied HKFRS 9 retrospectively to items that existed at 1 April 2018 in accordance with the transition requirements. The Group has recognised the cumulative effect of initial application as an adjustment to the opening equity at 1 April 2018. Therefore, comparative information continues to be reported under HKAS 39.

The following table summarises the impact of transition to HKFRS 9 on retained earnings and reserves at 1 April 2018.

	$'000
Retained earnings	
Transferred from fair value reserve relating to financial assets now measured at fair value through profit or loss	(12)
Fair value remeasurement of financial assets carried at fair value through profit or loss	33,456
Recognition of expected credit loss on receivables due from Sanpower Group Limited ("Sanpower") (note 18)	(113,853)
Net decrease in retained earnings at 1 April 2018	(80,409)
Fair value reserve	
Transferred the fair value reserve relating to financial assets now measured at fair value through profit or loss to retained earnings	12
Net increase in fair value reserve at 1 April 2018	12

2 SIGNIFICANT ACCOUNTING POLICIES (continued)

(c) Changes in accounting policies (continued)

(i) HKFRS 9, Financial instruments (continued)

Further details of the nature and effect of the changes to previous accounting policies and the transition approach are set out below:

a. Classification of financial assets and financial liabilities

HKFRS 9 categorises financial assets into three principal classification categories: measured at amortised cost, at fair value through other comprehensive income ("FVOCI") and at fair value through profit or loss ("FVPL"). These supersede HKAS 39's categories of held-to-maturity investments, loans and receivables, available-for-sale financial assets and financial assets measured at FVPL. The classification of financial assets under HKFRS 9 is based on the business model under which the financial asset is managed and its contractual cash flow characteristics. Under HKFRS 9, derivatives embedded in contracts where the host is a financial asset in the scope of the standard are not separated from the host. Instead, the hybrid instrument as a whole is assessed for classification.

The following table shows the original measurement categories for each class of the Group's financial assets under HKAS 39 and reconciles the carrying amounts of those financial assets determined in accordance with HKAS 39 to those determined in accordance with HKFRS 9.

	HKAS 39 carrying amount at 31 March 2018	Reclassification	Remeasurement	HKFRS 9 carrying amount at 1 April 2018
	$'000	$'000	$'000	$'000
Financial assets carried at amortised cost				
Cash and cash equivalents	2,795,654	–	–	2,795,654
Pledged and time deposits	1,016,496	–	–	1,016,496
Trade and other receivables	1,724,180	–	(113,853)	1,610,327
Amounts due from a joint venture	78,450	–	–	78,450
Amounts due from an associate	7,963	–	–	7,963
	5,622,743	–	(113,853)	5,508,890
Financial assets carried at FVPL	–	21,386	33,456	54,842
Financial assets classified as available-for-sale under HKAS 39 (Note)	19,788	(19,788)	–	–
Derivative financial assets	1,598	(1,598)	–	–

2 SIGNIFICANT ACCOUNTING POLICIES (continued)

(c) Changes in accounting policies (continued)

(i) HKFRS 9, Financial instruments (continued)

a. Classification of financial assets and financial liabilities (continued)

Note: Under HKAS 39, equity securities not held for trading were classified as available-for-sale financial assets. These equity securities are classified as at FVPL under HKFRS 9, unless they are eligible for and designated at FVOCI (non-recycling) by the Group. At 1 April 2018, none of the investments has been designated at FVOCI (non-recycling).

For an explanation of how the Group classifies and measures financial assets and recognises related gains and losses under HKFRS 9, see respective accounting policy notes in notes 2(g), (h), (k)(i), (n) and (o).

The measurement categories for all financial liabilities remain the same, except for financial guarantee contracts. The carrying amounts for all financial liabilities (including financial guarantee contracts) at 1 April 2018 have not been impacted by the initial application of HKFRS 9.

The Group did not designate or de-designate any financial asset or financial liability at FVPL at 1 April 2018.

b. Credit losses

HKFRS 9 replaces the "incurred loss" model in HKAS 39 with the "expected credit loss" ("ECL") model. The ECL model requires an ongoing measurement of credit risk associated with a financial asset and therefore recognises ECLs earlier than under the "incurred loss" accounting model in HKAS 39.

The Group applies the new ECL model to financial assets measured at amortised cost (including cash and cash equivalents, pledged and time deposits, trade and other receivables, amounts due from associates and joint ventures), contract assets as defined in HKFRS 15 (note 2(m)); and lease receivables.

For further details on the Group's accounting policy for accounting for credit losses, see note 2(k)(i).

2 SIGNIFICANT ACCOUNTING POLICIES (continued)

(c) Changes in accounting policies (continued)

(i) HKFRS 9, Financial instruments (continued)

b. Credit losses (continued)

The following table reconciles the closing loss allowance determined in accordance with HKAS 39 as at 31 March 2018 with the opening loss allowance determined in accordance with HKFRS 9 as at 1 April 2018.

	$'000
Loss allowance at 31 March 2018 under HKAS 39	1,292
Additional credit loss recognised at 1 April 2018 on receivables due from Sanpower	113,853
Loss allowance at 1 April 2018 under HKFRS 9	115,145

c. Transition

Changes in accounting policies resulting from the adoption of HKFRS 9 have been applied retrospectively, except as described below:

— Information relating to comparative periods has not been restated. Differences in the carrying amounts of financial assets resulting from the adoption of HKFRS 9 are recognised in retained earnings and reserves as at 1 April 2018. Accordingly, the information presented for 31 March 2018 continues to be reported under HKAS 39 and thus may not be comparable with the current period.

— The determination of the business model within which a financial asset is held has been made on the basis of the facts and circumstances that existed at 1 April 2018 (the date of initial application of HKFRS 9 by the Group).

2 SIGNIFICANT ACCOUNTING POLICIES (continued)

(c) Changes in accounting policies (continued)

(ii) HKFRS 15, Revenue from contracts with customers

HKFRS 15 establishes a comprehensive framework for recognising revenue and some costs from contracts with customers. HKFRS 15 replaces HKAS 18, *Revenue*, which covered revenue arising from sale of goods and rendering of services, and HKAS 11, *Construction contracts*, which specified the accounting for construction contracts.

HKFRS 15 also introduces additional qualitative and quantitative disclosure requirements which aim to enable users of the financial statements to understand the nature, amount, timing and uncertainty of revenue and cash flows arising from contracts with customers.

The Group has elected to use the cumulative effect transition method and has recognised the cumulative effect of initial application as an adjustment to the opening equity at 1 April 2018. Therefore, comparative information has not been restated and continues to be reported under HKASs 11 and 18. As allowed by HKFRS 15, the Group has applied the new requirements only to contracts that were not completed before 1 April 2018.

Under HKFRS 15, a contract liability is recognised when a customer pays consideration, or is contractually required to pay consideration and the amount is already due, before the Group recognised the related revenue. To reflect these changes in presentation, "Advances received from customers" amounting to $22,263,000, which were previously included in trade and other payables are now included under contract liabilities. Comparative information is not restated.

(d) Subsidiaries and non-controlling interests

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

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

2 SIGNIFICANT ACCOUNTING POLICIES (continued)

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

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

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

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

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

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

(e) Associates and joint ventures

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

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

2 SIGNIFICANT ACCOUNTING POLICIES (continued)

(e) Associates and joint ventures (continued)

An investment in an associate or a joint venture is accounted for in the consolidated financial statements under the equity method. Under the equity method, the investment is initially recorded at cost, adjusted for any excess of the Group's share of the acquisition-date fair values of the investee's identifiable net assets over the cost of the investment (if any). The cost of the investment includes purchase price, other costs directly attributable to the acquisition of the investment, and any direct investment into the associate or joint venture that forms part of the Group's equity investment. Thereafter, the investment is adjusted for the post acquisition change in the Group's share of the investee's net assets and any impairment loss relating to the investment (notes 2(g) and 2(k)). Any acquisition-date excess over cost, the Group's share of the post-acquisition, post-tax results of the investees and any impairment losses for the year are recognised in the consolidated income statement, whereas the Group's share of the post-acquisition post-tax items of the investees' other comprehensive income is recognised in the consolidated statement of comprehensive income.

When the Group's share of losses exceeds its interest in the associate or the joint venture, the Group's interest is reduced to nil and recognition of further losses is discontinued except to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the investee. For this purpose, the Group's interest is the carrying amount of the investment under the equity method together with the Group's long-term interests that in substance form part of the Group's net investment in the associate or the joint venture. An item for which settlement is neither planned nor likely to occur in the foreseeable future is, in substance, an extension of the entity's investment in that associate or joint venture. Losses recognised using the equity method in excess of the Group's investment in ordinary shares are applied to the other components of the Group's interest in that associate or joint venture in the reverse order of their seniority (i.e. priority in liquidation).

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

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

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

2 SIGNIFICANT ACCOUNTING POLICIES (continued)

(f) Goodwill

Goodwill represents the excess of

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

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

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

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

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

(g) Other investments in debt and equity securities

The Group's policies for investments in debt and equity securities, other than investments in subsidiaries, associates and joint ventures, are set out below.

Investments in debt and equity securities are recognised/derecognised on the date the Group commits to purchase/sell the investment. The investments are initially stated at fair value plus directly attributable transaction costs, except for those investments measured at FVPL for which transaction costs are recognised directly in profit or loss. For an explanation of how the Group determines fair value of financial instruments, see note 30(e). These investments are subsequently accounted for as follows, depending on their classification.

2 SIGNIFICANT ACCOUNTING POLICIES (continued)

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

(A) Policy applicable from 1 April 2018

Investments other than equity investments

Non-equity investments held by the Group are classified into one of the following measurement categories:

- amortised cost, if the investment is held for the collection of contractual cash flows which represent solely payments of principal and interest. Interest income from the investment is calculated using the effective interest method (note 2(u)(vi));

- FVOCI — recycling, if the contractual cash flows of the investment comprise solely payments of principal and interest and the investment is held within a business model whose objective is achieved by both the collection of contractual cash flows and sale. Changes in fair value are recognised in other comprehensive income, except for the recognition in profit or loss of expected credit losses, interest income (calculated using the effective interest method) and foreign exchange gains and losses. When the investment is derecognised, the amount accumulated in other comprehensive income is recycled from equity to profit or loss; or

- FVPL, if the investment does not meet the criteria for being measured at amortised cost or FVOCI (recycling). Changes in fair value of the investment (including interest) are recognised in profit or loss.

Equity investments

An investment in equity securities is classified as FVPL unless the equity investment is not held for trading purposes and on initial recognition of the investment the Group makes an irrevocable election to designate the investment at FVOCI (non-recycling) such that subsequent changes in fair value are recognised in other comprehensive income. Such elections are made on an instrument-by-instrument basis, but may only be made if the investment meets the definition of equity from the issuer's perspective. Where such an election is made, the amount accumulated in other comprehensive income remains in the fair value reserve (non-recycling) until the investment is disposed of. At the time of disposal, the amount accumulated in the fair value reserve (non-recycling) is transferred to retained earnings. It is not recycled through profit or loss. Dividends from an investment in equity securities, irrespective of whether classified as at FVPL or FVOCI, are recognised in profit or loss as other income in accordance with the policy set out in note 2(u)(v).

2 SIGNIFICANT ACCOUNTING POLICIES (continued)

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

(B) Policy applicable prior to 1 April 2018

Investments in securities held for trading were classified as financial assets measured at FVPL. Any attributable transaction costs were recognised in profit or loss as incurred. At the end of each reporting period the fair value was remeasured, with any resultant gain or loss being recognised in profit or loss.

Dated debt securities that the Group had the positive ability and intention to hold to maturity were classified as held-to-maturity securities. Held-to-maturity securities were stated at amortised cost (for impairment see note 2(k)(i) — (B) Policy applicable prior to 1 April 2018).

Investments which did not fall into any of the above categories were classified as available-for-sale financial assets. At the end of each reporting period the fair value was remeasured, with any resultant gain or loss being recognised in other comprehensive income and accumulated separately in equity in the fair value reserve (recycling). Dividend income from equity investments and interest income from debt securities calculated using the effective interest method were recognised in profit or loss in accordance with the policies set out in notes 2(u)(v) and 2(u)(vi), respectively.

Foreign exchange gains and losses arising from debt securities were also recognised in profit or loss. When the investments were derecognised or impaired (note 2(k)(i) — (B) Policy applicable prior to 1 April 2018), the cumulative gain or loss recognised in equity was reclassified to profit or loss.

(h) Derivative financial instruments

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

2 SIGNIFICANT ACCOUNTING POLICIES (continued)

(i) Property, plant and equipment

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

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

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

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

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

No depreciation is provided for construction in progress.

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

2 SIGNIFICANT ACCOUNTING POLICIES (continued)

(j) Leased assets

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

(i) Classification of assets leased to the Group

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

(ii) Assets acquired under finance leases

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

(iii) Operating lease charges

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

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

2 SIGNIFICANT ACCOUNTING POLICIES (continued)

(k) Credit losses and impairment of assets

(i) Credit losses from financial instruments, contract assets and lease receivables

(A) Policy applicable from 1 April 2018

The Group recognises a loss allowance for ECLs on financial assets measured at amortised cost (including cash and cash equivalents, pledged and time deposits, trade and other receivables and amounts due from associates and joint ventures), contract assets as defined in HKFRS 15 (note 2(m)); and lease receivables.

Financial assets measured at fair value, including equity securities measured at FVPL and derivative financial assets, are not subject to the ECL assessment.

Measurement of ECLs

ECLs are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all expected cash shortfalls (i.e. the difference between the cash flows due to the Group in accordance with the contract and the cash flows that the Group expects to receive).

The expected cash shortfalls are discounted using the following discount rates where the effect of discounting is material:

- fixed-rate financial assets, trade and other receivables and contract assets: effective interest rate determined at initial recognition or an approximation thereof;

- variable-rate financial assets: current effective interest rate; and

- lease receivables: discount rate used in the measurement of the lease receivable.

The maximum period considered when estimating ECLs is the maximum contractual period over which the Group is exposed to credit risk.

In measuring ECLs, the Group takes into account reasonable and supportable information that is available without undue cost or effort. This includes information about past events, current conditions and forecasts of future economic conditions.

2 SIGNIFICANT ACCOUNTING POLICIES (continued)

(k) Credit losses and impairment of assets (continued)

(i) Credit losses from financial instruments, contract assets and lease receivables (continued)

(A) Policy applicable from 1 April 2018 (continued)

Measurement of ECLs (continued)

ECLs are measured on either of the following bases:

- 12-month ECLs: these are losses that are expected to result from possible default events within the 12 months after the reporting date; and

- lifetime ECLs: these are losses that are expected to result from all possible default events over the expected lives of the items to which the ECL model applies.

Loss allowances for trade receivables, lease receivables and contract assets are always measured at an amount equal to lifetime ECLs. ECLs on these financial assets are estimated using a provision matrix based on the Group's historical credit loss experience, adjusted for factors that are specific to the debtors and an assessment of both the current and forecast general economic conditions at the reporting date.

For all other financial instruments (including loan commitments issued), the Group recognises a loss allowance equal to 12-month ECLs unless there has been a significant increase in credit risk of the financial instrument since initial recognition, in which case the loss allowance is measured at an amount equal to lifetime ECLs.

Significant increases in credit risk

In assessing whether the credit risk of a financial instrument (including a loan commitment) has increased significantly since initial recognition, the Group compares the risk of default occurring on the financial instrument assessed at the reporting date with that assessed at the date of initial recognition. In making this reassessment, the Group considers that a default event occurs when (i) the borrower is unlikely to pay its credit obligations to the Group in full, without recourse by the Group to actions such as realising security (if any is held); or (ii) the financial asset is 90 days past due. The Group considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information that is available without undue cost or effort.

2 SIGNIFICANT ACCOUNTING POLICIES (continued)

(k) Credit losses and impairment of assets (continued)

(i) Credit losses from financial instruments, contract assets and lease receivables (continued)

(A) Policy applicable from 1 April 2018 (continued)

Significant increases in credit risk (continued)

In particular, the following information is taken into account when assessing whether credit risk has increased significantly since initial recognition:

- failure to make payments of principal or interest on their contractually due dates;
- an actual or expected significant deterioration in a financial instrument's external or internal credit rating (if available);
- an actual or expected significant deterioration in the operating results of the debtor; and
- existing or forecast changes in the technological, market, economic or legal environment that have a significant adverse effect on the debtor's ability to meet its obligation to the Group.

Depending on the nature of the financial instruments, the assessment of a significant increase in credit risk is performed on either an individual basis or a collective basis. When the assessment is performed on a collective basis, the financial instruments are grouped based on shared credit risk characteristics, such as past due status and credit risk ratings.

ECLs are remeasured at each reporting date to reflect changes in the financial instrument's credit risk since initial recognition. Any change in the ECL amount is recognised as an impairment gain or loss in profit or loss. The Group recognises an impairment gain or loss for all financial instruments with a corresponding adjustment to their carrying amount through a loss allowance account, except for investments in debt securities that are measured at FVOCI (recycling), for which the loss allowance is recognised in other comprehensive income and accumulated in the fair value reserve (recycling).

2 SIGNIFICANT ACCOUNTING POLICIES (continued)

(k) Credit losses and impairment of assets (continued)

(i) Credit losses from financial instruments, contract assets and lease receivables (continued)

(A) Policy applicable from 1 April 2018 (continued)

Basis of calculation of interest income

Interest income recognised in accordance with note 2(u)(vi) is calculated based on the gross carrying amount of the financial asset unless the financial asset is credit-impaired, in which case interest income is calculated based on the amortised cost (i.e. the gross carrying amount less loss allowance) of the financial asset.

At each reporting date, the Group assesses whether a financial asset is credit-impaired. A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

Evidence that a financial asset is credit-impaired includes the following observable events:

- significant financial difficulties of the debtor;
- a breach of contract, such as a default or delinquency in interest or principal payments;
- it becoming probable that the borrower will enter into bankruptcy or other financial reorganisation;
- significant changes in the technological, market, economic or legal environment that have an adverse effect on the debtor; or
- the disappearance of an active market for a security because of financial difficulties of the issuer.

Write-off policy

The gross carrying amount of a financial asset, lease receivable or contract asset is written off (either partially or in full) to the extent that there is no realistic prospect of recovery. This is generally the case when the Group determines that the debtor does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off.

Subsequent recoveries of an asset that was previously written off are recognised as a reversal of impairment in profit or loss in the period in which the recovery occurs.

2 SIGNIFICANT ACCOUNTING POLICIES (continued)

(k) Credit losses and impairment of assets (continued)

(i) Credit losses from financial instruments, contract assets and lease receivables (continued)

(B) Policy applicable prior to 1 April 2018

Write-off policy (continued)

Prior to 1 April 2018, an "incurred loss" model was used to measure impairment losses on financial assets not classified as at FVPL (e.g. trade and other receivables and available-for-sale investments). Under the "incurred loss" model, an impairment loss was recognised only when there was objective evidence of impairment.

Objective evidence of impairment included:

- significant financial difficulties of the debtor;
- a breach of contract, such as a default or delinquency in interest or principal payments;
- it becoming probable that the debtor will enter into bankruptcy or other financial reorganisation;
- significant changes in the technological, market, economic or legal environment that have an adverse effect on the debtor; and
- a significant or prolonged decline in the fair value of an investment in an equity instrument below its cost.

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

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

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

2 SIGNIFICANT ACCOUNTING POLICIES (continued)

(k) Credit losses and impairment of assets (continued)

(i) Credit losses from financial instruments, contract assets and lease receivables (continued)

(B) Policy applicable prior to 1 April 2018 (continued)

Write-off policy (continued)

When the recovery of a trade receivable or other financial assets carried at amortised cost was considered doubtful but not remote, associated impairment losses were recorded using an allowance account. When the Group was satisfied that recovery was remote, the amount considered irrecoverable was written off against the gross carrying amount of those assets directly. Subsequent recoveries of amounts previously charged to the allowance account were reversed against the allowance account. Other changes in the allowance account and subsequent recoveries of amounts previously written off directly were recognised in profit or loss.

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

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

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

(ii) Impairment of other non-current assets

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

- property, plant and equipment;
- pre-paid interests in leasehold land classified as being held under an operating lease;
- intangible assets;
- goodwill; and
- investments in subsidiaries, associates and joint ventures in the Company's statement of financial position.

2 SIGNIFICANT ACCOUNTING POLICIES (continued)

(k) Credit losses and impairment of assets (continued)

(ii) Impairment of other assets (continued)

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

- Calculation of recoverable amount

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

- Recognition of impairment losses

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

- Reversals of impairment losses

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

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

2 SIGNIFICANT ACCOUNTING POLICIES (continued)

(k) Credit losses and impairment of assets (continued)

(iii) Interim financial reporting and impairment

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

Impairment losses recognised in an interim period in respect of goodwill are not reversed in a subsequent period. This is the case even if no loss, or a smaller loss, would have been recognised had the impairment been assessed only at the end of the financial year to which the interim period relates.

(l) Inventories

Inventories are assets which are held for sale in the ordinary course of business, in the process of production for such sale or in the form of materials or supplies to be consumed in the production process or in the rendering of services.

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

Cost is calculated using the weighted average cost formula and comprises all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition.

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

When inventories are sold, the carrying amount of those inventories is recognised as an expense in the period in which the related revenue is recognised.

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

2 SIGNIFICANT ACCOUNTING POLICIES (continued)

(m) Contract assets and contract liabilities

(A) Policy applicable from 1 April 2018

A contract asset is recognised when the Group recognises revenue (note 2(u)) before being unconditionally entitled to the consideration under the payment terms set out in the contract. Contract assets are assessed for ECLs in accordance with the policy set out in note 2(k)(i) and are reclassified to receivables when the right to the consideration has become unconditional (note 2(n)).

A contract liability is recognised when the customer pays consideration before the Group recognises the related revenue (note 2(u)). A contract liability would also be recognised if the Group has an unconditional right to receive consideration before the Group recognises the related revenue. In such cases, a corresponding receivable would also be recognised (note 2(n)).

For a single contract with the customer, either a net contract asset or a net contract liability is presented. For multiple contracts, contract assets and contract liabilities of unrelated contracts are not presented on a net basis.

When the contract includes a significant financing component, the contract balance includes interest accrued under the effective interest method (note 2(u)).

(B) Policy prior to 1 April 2018

In the comparative period, amounts received before the related revenue was recognised were presented as "advances received from customers" under "trade and other payables". These balances have been reclassified on 1 April 2018 (note 2(c)(ii)).

(n) Trade and other receivables

A receivable is recognised when the Group has an unconditional right to receive consideration. A right to receive consideration is unconditional if only the passage of time is required before payment of that consideration is due. If revenue has been recognised before the Group has an unconditional right to receive consideration, the amount is presented as a contract asset (note 2(m)).

Receivables are stated at amortised cost using the effective interest method, less allowance for credit losses (note 2(k)(i)).

2 SIGNIFICANT ACCOUNTING POLICIES (continued)

(o) Cash and cash equivalents

Cash and cash equivalents comprise cash at bank and on hand, demand deposits with banks and other financial institutions, and short-term, highly liquid investments that are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value, having been within three months of maturity at acquisition. Bank overdrafts that are repayable on demand and form an integral part of the Group's cash management are also included as a component of cash and cash equivalents for the purpose of the consolidated cash flow statement. Cash and cash equivalents are assessed for ECL in accordance with the policy set out in note 2(k)(i).

(p) Interest-bearing borrowings

Interest-bearing borrowings are measured initially at fair value less transaction costs. Subsequent to initial recognition, interest-bearing borrowings are stated at amortised cost, using the effective interest method. Interest expense is recognised in accordance with the group's accounting policy for borrowing costs (note 2(w)).

(q) Trade and other payables

Trade and other payables are initially recognised at fair value. Trade and other payables are subsequently stated at amortised cost unless the effect of discounting would be immaterial, in which case they are stated at cost.

(r) Employee benefits

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

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

2 SIGNIFICANT ACCOUNTING POLICIES (continued)

(r) Employee benefits (continued)

(ii) Share-based payments

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

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

(iii) Termination benefits

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

2 SIGNIFICANT ACCOUNTING POLICIES (continued)

(s) Income tax

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

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

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

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

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

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

2 SIGNIFICANT ACCOUNTING POLICIES (continued)

(s) Income tax (continued)

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

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

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

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

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

  - the same taxable entity; or

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

(t) Provisions and contingent liabilities

(i) Provisions and contingent liabilities

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

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

2 SIGNIFICANT ACCOUNTING POLICIES (continued)

(t) Provisions and contingent liabilities (continued)

(ii) Onerous contracts

An onerous contract exists when the Group has a contract under which the unavoidable costs of meeting the obligations under the contract exceed the economic benefits expected to be received from the contract. Provisions for onerous contracts are measured at the present value of the lower of the expected cost of termination the contract and the net cost of continuing with the contract.

(u) Revenue and other income

Income is classified by the Group as revenue when it arises from the sale of goods, the provision of services or the use by others of the Group's assets under leases in the ordinary course of the Group's business.

Revenue is recognised when control over a product or service is transferred to the customer, or the lessee has the right to use the asset, at the amount of promised consideration to which the Group is expected to be entitled, excluding those amounts collected on behalf of third parties. Revenue excludes value added tax or other sales taxes and is after deduction of any trade discounts.

Where the contract contains a financing component which provides a significant financing benefit to the customer for more than 12 months, revenue is measured at the present value of the amount receivable, discounted using the discount rate that would be reflected in a separate financing transaction with the customer, and interest income is accrued separately under the effective interest method. Where the contract contains a financing component which provides a significant financing benefit to the Group, revenue recognised under that contract includes the interest expense accreted on the contract liability under the effective interest method. The Group takes advantage of the practical expedient in paragraph 63 of HKFRS 15 and does not adjust the consideration for any effects of a significant financing component if the period of financing is 12 months or less.

Further details of the Group's revenue and other income recognition policies are as follows:

(i) Sale of goods

Revenue is recognised when the customer takes possession of and accepts the products. If the products are a partial fulfilment of a contract covering other goods and/or services, then the amount of revenue recognised is an appropriate proportion of the total transaction price under the contract, allocated between all the goods and services promised under the contract on a relative stand-alone selling price basis.

In the comparative period, revenue from sales of products was recognised upon the transfer of risks and rewards of ownership. The change in accounting policy did not have a material impact on the opening balance of retained earnings as at 1 April 2018.

2 SIGNIFICANT ACCOUNTING POLICIES (continued)

(u) Revenue and other income (continued)

(ii) Service income

Revenue is recognised according to the measure of the service rendered at the point or over the period when such benefit could be reliably measured.

(iii) Rental income from operating leases

Rental income receivable under operating leases is recognised in profit or loss in equal instalments over the periods covered by the lease term, except where an alternative basis is more representative of the pattern of benefits to be derived from the use of the leased asset. Lease incentives granted are recognised in profit or loss as an integral part of the aggregate net lease payments receivable. Contingent rentals are recognised as income in the accounting period in which they are earned.

(iv) Government grants

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

(v) Dividends

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

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

(vi) Interest income

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

2 SIGNIFICANT ACCOUNTING POLICIES (continued)

(v) Translation of foreign currencies

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

Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated using the foreign exchange rates ruling at the transaction dates. The transaction date is the date on which the Company initially recognises such non-monetary assets or liabilities. Non-monetary assets and liabilities denominated in foreign currencies that are stated at fair value are translated using the foreign exchange rates ruling at the dates the fair value was measured.

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

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

(w) Borrowing costs

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

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

2 SIGNIFICANT ACCOUNTING POLICIES (continued)

(x) Non-current assets held for sale and discontinued operation

(i) Non-current assets held for sale

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

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

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

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

2 SIGNIFICANT ACCOUNTING POLICIES (continued)

(x) Non-current assets held for sale and discontinued operation (continued)

(ii) Discontinued operation

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

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

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

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

– the post-tax gain or loss recognised on the measurement to fair value less costs to sell, or on the disposal, of the assets or disposal group(s) constituting the discontinued operation.

(y) Related parties

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

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

(ii) has significant influence over the Group; or

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

2 SIGNIFICANT ACCOUNTING POLICIES (continued)

(y) Related parties (continued)

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

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

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

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

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

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

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

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

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

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

(z) Segment reporting

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

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

3 ACCOUNTING ESTIMATES AND JUDGEMENTS

Notes 14 and 31(e) contain information about the assumptions and their risk factors relating to goodwill impairment and financial instruments. Other key sources of estimation uncertainty are as follows:

(a) Impairment of non-current assets

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

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

(b) Fair values of financial instruments

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

(c) Allowance for expected credit losses

Management estimates expected credit loss allowance based on the Group's historical credit loss experience, included customer credit-worthiness, and historical write-off experience, and adjusted for factors that are specific to the debtors and an assessment of both the current and forecast general economic conditions at the reporting date. If the financial conditions of the customers were to deteriorate, additional allowance may be required.

(d) Recognition of deferred tax assets

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

4 REVENUE AND SEGMENT REPORTING

(a) Revenue

The Company acts as an investment holding company and the Group is principally engaged in five main operating segments from continuing operations, including (i) the manufacture and sale of medical devices and related medical device accessories; (ii) the provision of hospital management service and hospital operation; (iii) the provision of medical insurance administration service; (iv) the research and development, manufacture and sale of Chinese herbal medicines; and (v) the provision of cells and tissues storage and genetic testing services as well as a discontinued operating segment — the provision of cord blood storage service which was discontinued in January 2018 following the disposal of Global Cord Blood Corporation ("GCBC", formerly known as China Cord Blood Corporation) (note 8). No operating segments have been aggregated to form the following reportable segments.

(i) Disaggregation of revenue

Disaggregation of revenue from contracts with customers by major products or service lines is as follows:

	2019	2018 (Note)
	$'000	$'000
Continuing operations		
Revenue from contracts with customer within the scope of HKFRS 15		
Disaggregate by major products or service lines		
— Sale of medical devices and medical device accessories	**142,564**	131,897
— Hospital operation	**79,974**	66,067
— Medical insurance administration service income	**7,046**	5,486
— Sale of Chinese herbal medicines	**5,352**	5,274
— Cells and tissues storage and genetic testing services income	**13,692**	944
Revenue from other sources		
Hospital rental income	**67,040**	41,051
	315,668	250,719
Discontinued operation		
Revenue from contracts with customers within the scope of HKFRS 15		
Disaggregate by major products or service lines		
— Cord blood storage service income	**–**	916,800
	315,668	1,167,519

Note: The Group has initially applied HKFRS 15 using the cumulative effect method. Under this method, comparative information is not restated and was prepared in accordance with HKAS 11 and HKAS 18. See note 2(c)(ii).

4 REVENUE AND SEGMENT REPORTING (continued)

(a) Revenue (continued)

(i) Disaggregation of revenue (continued)

Disaggregation of revenue from contracts with customers by the timing of revenue recognition is disclosed in note 4(b). The Group's revenue derived from activities outside the People's Republic of China (the "PRC") is immaterial. Therefore, disaggregation of revenue from contracts with customers by geographical location of customers is not provided.

The Group's customer base is diversified and includes only one customer with whom transactions have exceeded 10% of the Group's revenue. In the year ended 31 March 2019, rental revenue from this customer amounted $67,040,000 (2018: $41,051,000). Details of concentrations of credit risk arising from the Group's largest customers are set out in note 31(a).

(ii) Total future minimum lease payments receivable by the Group

At 31 March 2019, total future minimum lease payments receivable by the Group within one year under non-cancellable operating leases in place was $40,425,000 (2018: $9,118,000).

(b) Segment reporting

The Group manages its business by divisions, which are organised by business lines (products and services). The Group has presented the following reportable segments 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. No operating segments have been aggregated to form the following reportable segments.

Continuing reportable segments:

- Medical devices segment: the development, manufacture and sale of medical devices, including medical devices and medical device accessories.

- Hospital business segment: the provision of hospital management service and hospital operation in the PRC.

- Medical insurance administration segment: the provision of medical insurance administration service in the PRC.

- Chinese herbal medicines segment: the research and development, manufacture and sale of Chinese herbal medicines.

- Cells and tissues storage and genetic testing services segment: the provision of cells and tissues storage service and genetic testing service.

4 REVENUE AND SEGMENT REPORTING (continued)

(b) Segment reporting (continued)

Discontinued reportable segment:

- Cord blood storage segment, a discontinued operation following the disposal of GCBC in January 2018: the provision of cord blood stem cell examination, processing, separation and storage service and other services, which was discontinued in January 2018.

(i) Segment results, assets and liabilities

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

Segment assets include all tangible and intangible assets and current assets with the exception of deferred tax assets, other financial assets, available-for-sale securities and inter-company receivables. Segment liabilities include trade payables, other payables, accruals and deferred income attributable to the operating activities of the individual segments with the exception of interest-bearing borrowings of the Company and subsidiaries outside the PRC, deferred tax liabilities and inter-company payables.

Revenue and expenses are allocated to the reportable segments with reference to revenue generated by those segments and the expenses incurred by those segments or which otherwise arise from the depreciation or amortisation of assets attributable to those segments. Reporting segment (loss)/profit includes (loss)/profit from operations.

4 REVENUE AND SEGMENT REPORTING (continued)

(b) Segment reporting (continued)

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

Information regarding the Group's reportable segments as provided to the Group's most senior executive management for the purposes of resources allocation and assessment of segment performance for the years ended 31 March 2019 and 2018 is set out below:

	Continuing operations										Discontinued operation			
	Medical devices		Hospital business		Medical insurance administration		Chinese herbal medicines		Cells and tissues storage and genetic testing services		Cord blood storage		Total	
	2019 $'000	2018 $'000	**2019 $'000**	2018 $'000	**2019 $'000**	2018 $'000	**2019 $'000**	2018 $'000	**2019 $'000**	2018 $'000	**2019 $'000**	2018 $'000	**2019 $'000**	2018 $'000
Disaggregated by timing of revenue recognition														
Point in time	**142,564**	131,897	**55,423**	56,085	**7,046**	5,486	**5,352**	5,274	**13,692**	944	**–**	604,573	**224,077**	804,259
Over-time	**–**	–	**91,591**	51,033	**–**	–	**–**	–	**–**	–	**–**	312,227	**91,591**	363,260
Revenue from external customers	**142,564**	94,089	**147,014**	107,118	**7,046**	5,486	**5,352**	5,274	**13,692**	944	**–**	916,800	**315,668**	1,129,711
Inter-segment revenue	**–**	37,808	**–**	–	**–**	–	**–**	–	**–**	–	**–**	–	**–**	37,808
Reportable segment revenue	**142,564**	131,897	**147,014**	107,118	**7,046**	5,486	**5,352**	5,274	**13,692**	944	**–**	916,800	**315,668**	1,167,519
Reportable segment (loss)/profit	**(6,988)**	10,390	**(112,403)**	(147,835)	**(26,565)**	(25,670)	**(28,570)**	(27,186)	**(7,595)**	(10,582)	**–**	380,084	**(182,121)**	179,201
Depreciation and amortisation charges	**9,314**	8,660	**66,807**	69,681	**7,852**	7,538	**21,284**	19,929	**3,044**	1,411	**–**	–	**108,301**	107,219
Impairment loss on trade receivables	**571**	–	**232**	21	**1,114**	–	**203**	–	**–**	–	**–**	30,346	**2,120**	30,367
Reportable segment assets	**224,852**	195,706	**2,197,774**	2,317,696	**44,664**	60,043	**598,102**	651,251	**40,379**	47,529	**–**	–	**3,105,771**	3,272,225
Additions to property, plant and equipment	**15,189**	954	**21,011**	24,474	**503**	861	**1,218**	6,379	**3,576**	34,591	**–**	–	**41,497**	67,259
Reportable segment liabilities	**32,164**	49,026	**316,474**	181,829	**372**	353	**3,263**	3,292	**849**	2,877	**–**	–	**353,122**	237,377

4 REVENUE AND SEGMENT REPORTING (continued)

(b) Segment reporting (continued)

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

Revenue

	Continuing operations		Discontinued operation		Total	
	2019	2018	**2019**	2018	**2019**	2018
	$'000	$'000	**$'000**	$'000	**$'000**	$'000
Reportable segment revenue	**315,668**	250,719	**–**	916,800	**315,668**	1,167,519

Profit or loss

	Continuing operations		Discontinued operation		Total	
	2019	2018	**2019**	2018	**2019**	2018
	$'000	$'000	**$'000**	$'000	**$'000**	$'000
Reportable segment (loss)/ profit	**(182,121)**	(200,883)	**–**	380,084	**(182,121)**	179,201
Impairment loss on other receivables	**(378,843)**	–	**–**	–	**(378,843)**	–
Impairment loss on available-for-sale securities	**–**	(49,603)	**–**	–	**–**	(49,603)
Finance costs	**(74,271)**	(377,055)	**–**	–	**(74,271)**	(377,055)
Changes in fair value of financial instruments at fair value through profit or loss	**(13,971)**	(47,485)	**–**	–	**(13,971)**	(47,485)
Share of losses of associates	**(18,892)**	(7,897)	**–**	–	**(18,892)**	(7,897)
Share of losses of joint ventures	**(4,777)**	(5,976)	**–**	–	**(4,777)**	(5,976)
Gain on disposal of subsidiaries	**–**	–	**–**	4,501,901	**–**	4,501,901
Unallocated head office and corporate net income/ (expenses)	**11,101**	(47,588)	**–**	–	**11,101**	(47,588)
Consolidated (loss)/profit before taxation	**(661,774)**	(736,487)	**–**	4,881,985	**(661,774)**	4,145,498

4 REVENUE AND SEGMENT REPORTING (continued)

(b) Segment reporting (continued)

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

Assets and liabilities

	Note	2019 $'000	2018 $'000
Assets			
Reportable segment assets		**3,105,771**	3,272,225
Interests in associates	16	**49,230**	40,941
Interests in joint ventures	17	**199,498**	104,992
Amounts due from Sanpower	18	**371,959**	1,207,177
Other financial assets	19	**38,921**	–
Available-for-sale securities	19	**–**	19,788
Deferred tax assets	29(b)	**12,978**	15,028
Investment deposits paid by the Group		**7,080**	404,790
Pledged deposits	23	**643,275**	966,508
Cash and cash equivalents		**2,913,765**	2,664,859
Unallocated head office and corporate assets		**17,870**	22,159
Consolidated total assets		**7,360,347**	8,718,467
Liabilities			
Reportable segment liabilities		**353,122**	237,377
Amounts due to PAGAC	18	**429,000**	429,000
Investment deposits received by the Group	25	**257,325**	312,422
Withholding tax in relation to the disposal of GCBC	25	**674,152**	720,320
Interest-bearing borrowings	27	**894,889**	1,150,591
Deferred tax liabilities	29(b)	**135,495**	148,430
Unallocated head office and corporate liabilities		**183,849**	166,385
Consolidated total liabilities		**2,927,832**	3,164,525

5 OTHER NET INCOME

Other net income comprises:

	Note	2019 $'000	2018 (Note i) $'000
Continuing operations			
Interest income from bank deposits		**16,995**	4,785
Interest income from other receivables	18	**86,478**	117,679
Interest income from an investment deposit		**642**	–
Interest income from loans to associates and joint ventures	34(b)(ii)	**8,840**	3,274
Distribution from fund investments		**6,903**	–
VAT refunds	(ii)	**111**	317
Net exchange gain/(loss)		**23,457**	(28,799)
Net (loss)/gain on disposal of property, plant and equipment		**(264)**	202
Others		**(5,086)**	2,495
		138,076	99,953

	Ten months from 1 April 2017 to 31 January 2018 (Note i) $'000
Discontinued operation	
Interest income from bank deposits	12,799
Interest income from trade receivables	6,837
Net exchange gain	155
Net gain on disposal of property, plant and equipment	1,002
Government grants	2,438
Others	1,354
	24,585

Notes:

(i) The Group has initially applied HKFRS 9 and HKFRS 15 at 1 April 2018. Under the transition methods chosen, comparative information is not restated. See note 2(c).

(ii) Pursuant to the relevant government policies and approval documents from the local government authorities, one of the Group's PRC subsidiaries is entitled to VAT refund which is calculated at approximately 13% (2018: 14%) of sale of software products embedded in the medical devices.

6 LOSS BEFORE TAXATION

Loss before taxation is arrived at after charging:

(a) Finance costs

	2019 $'000	2018 $'000
Continuing operations		
Interests on interest-bearing borrowings wholly repayable within five years	72,589	364,322
Finance charges on obligations under finance leases	1,682	1,813
Others	–	10,920
	74,271	377,055

(b) Staff costs

	2019 $'000	2018 $'000
Continuing operations		
Salaries, wages and other benefits	186,744	151,772
Contributions to defined contribution retirement plans	21,412	20,093
	208,156	171,865

	Ten months from 1 April 2017 to 31 January 2018 $'000
Discontinued operation	
Salaries, wages and other benefits	160,908
Contributions to defined contribution retirement plans	29,177
Equity settled share-based payment expenses	50,219
	240,304

6 LOSS BEFORE TAXATION (continued)

(c) Other items

	Note	2019 $'000	2018 (Note) $'000
Continuing operations			
Amortisation of land lease premium#	13(a)	**36,239**	37,242
Depreciation of property, plant and equipment#	13(a)	**73,026**	70,786
Impairment loss on:			
— trade receivables	31(a)(ii)	**2,120**	21
— other receivables	18	**378,843**	—
— available-for-sale securities		**—**	49,603
Changes in fair value of financial instruments at fair value through profit or loss:			
— other financial assets		**12,373**	—
— warrant issued by an associate		**1,598**	4,131
— convertible notes issued by the Company		**—**	43,354
		13,971	47,485
Operating lease charges: minimum lease payments#			
— assets held for own use under operating leases		**20,369**	16,801
— other assets		**296**	953
Auditor's remuneration			
— audit services		**8,321**	6,115
— other services		**6,144**	5,891
Research and development costs (other than depreciation and amortisation costs)		**11,586**	11,173
Cost of inventories#	21(b)	**96,645**	56,985

6 LOSS BEFORE TAXATION (continued)

(c) Other items (continued)

	Note	Ten months from 1 April 2017 to 31 January 2018 (Note) $'000
Discontinued operation		
Impairment loss on trade receivables		30,346
Operating lease charges: minimum lease payments#		
— assets held for own use under operating leases		3,815
Auditor's remuneration — audit services		5,976
Research and development costs		
(other than depreciation and amortisation costs)		10,677
Cost of inventories#	21(b)	177,893

Note: The Group has initially applied HKFRS 9 and HKFRS 15 at 1 April 2018. Under the transition methods chosen, comparative information is not restated. See note 2(c).

\# During the year ended 31 March 2019, cost of inventories includes $29,505,000 (2018: $50,993,000) relating to staff costs, depreciation and amortisation expenses and operating lease charges, which amount is also included in the respective total amounts disclosed separately above or in note 6(b) for each of these types of expenses.

7 INCOME TAX IN THE CONSOLIDATED INCOME STATEMENT

(a) Continuing operations

(i) Taxation in the consolidated income statement represents:

	Note	2019 $'000	2018 $'000
Current tax			
Provision for the year		**42,452**	11,900
Under-provision in respect of prior years		**603**	1,463
	29(a)	**43,055**	13,363
Deferred tax			
Origination and reversal of temporary differences	29(b)(i)	**(1,954)**	(4,844)
Total income tax expense		**41,101**	8,519

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

	2019 $'000	2018 $'000
Loss before taxation	**(661,774)**	(736,487)
Notional taxation on loss before taxation, calculated at the rates applicable to loss in the related jurisdictions concerned	**(65,885)**	(53,751)
Tax effect of non-deductible expenses	**9,959**	8,536
Tax effect of non-taxable gains	**(15,129)**	(19,460)
Under-provision in respect of prior years	**603**	1,463
Reduced tax rate approved by tax authorities	**(2,595)**	(5,349)
Unused tax losses not recognised	**74,372**	75,653
Effect of withholding tax on interest income	**1,854**	1,087
Effect of withholding tax on profit distributions	**37,922**	340
Actual tax expense	**41,101**	8,519

7 INCOME TAX IN THE CONSOLIDATED INCOME STATEMENT (continued)

(b) Discontinued operation

(i) Taxation in the consolidated income statement represents:

	Note	Ten months from 1 April 2017 to 31 January 2018 $'000
Current tax — PRC Corporate Income Tax ("CIT")		
Provision for the year		70,442
Withholding tax on disposal of subsidiaries	8(b)(i)	712,220
Over-provision in respect of prior years		(1,022)
		781,640
Deferred tax		
Origination and reversal of temporary differences		(7,747)
Total income tax expense		773,893

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

	Ten months from 1 April 2017 to 31 January 2018 $'000
Profit before taxation	4,881,985
Notional taxation on profit before taxation, calculated at the rates applicable to profit in the related jurisdictions concerned	101,824
Over-provision in respect of prior years	(1,022)
Reduced tax rate approved by tax authorities	(39,795)
Unused tax losses not recognised	666
Effect of withholding tax on disposal of subsidiaries	712,220
Actual tax expense	773,893

7 INCOME TAX IN THE CONSOLIDATED INCOME STATEMENT (continued)

(c) PRC CIT

The Group's subsidiaries in the PRC are subject to the PRC CIT. On 16 March 2007, the PRC government enacted the new Corporate Income Tax Law ("CIT Law"), which unified the income tax rate to 25% for all companies registered and incorporated in the PRC. Accordingly, except for Beijing Jingjing Medical Equipment Co., Ltd. ("Jingjing"), all other PRC subsidiaries of the Group are subject to income tax at 25% for the year ended 31 March 2019.

According to the CIT Law and its relevant regulations, entities that qualified as high and new technology enterprise ("HNTE") are entitled to a preferential income tax rate of 15%.

Jingjing obtained the latest renewed certificate of HNTE in October 2017, and is subject to income tax at 15% for the calendar years from 2017 to 2019. Income tax expense of Jingjing for the years ended 31 March 2019 and 2018 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%.

(d) Hong Kong Profits Tax

No provision for Hong Kong Profits Tax has been made for the years ended 31 March 2019 and 2018 as the Group did not have any profits assessable to Hong Kong Profits Tax during the current and prior years.

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

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

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

8 DISPOSAL OF GCBC

(a) Background

On 30 December 2016, Golden Meditech Stem Cells (BVI) Company Limited ("GMSC") and the Company (as guarantor) entered into a conditional sale and purchase agreement (the "Agreement") with Nanjing Ying Peng Hui Kang Medical Industry Investment Partnership (Limited Partnership)* (Chinese name as 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 sale and Nanjing Ying Peng conditionally agreed to acquire 65.4% ordinary shares of GCBC (the "Target GCBC Shares") at a cash consideration of RMB5,764,000,000 (equivalent to approximately $7,122,204,000 at the date of disposal).

In connection with the Agreement, GMSC and Nanjing Ying Peng entered into a profit compensation agreement dated 30 December 2016 (the "Profit Compensation Agreement"), pursuant to which, GMSC guaranteed that GCBC's net profit as defined in the Profit Compensation Agreement for the years ended 31 December 2016, 2017 and 2018 (the "Commitment Period") shall be not less than the RMB300,000,000, RMB360,000,000 and RMB432,000,000 (together as the "Guaranteed GCBC Net Profit"), respectively.

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

$$\frac{\begin{array}{c}\text{Accumulated Guaranteed}\\ \text{GCBC Net Profit for the}\\ \text{Commitment Period}\end{array} - \begin{array}{c}\text{Accumulated achieved}\\ \text{GCBC Net Profit for the}\\ \text{Commitment Period}\end{array}}{\begin{array}{c}\text{Accumulated Guaranteed GCBC Net Profit}\\ \text{for the Commitment Period}\end{array}} \times \text{RMB2,500,000,000}$$

Further details of the Agreement and Profit Compensation Agreement are set out in the Company's announcement dated 30 December 2016.

As at 31 March 2019, the directors of the Company believed GCBC has achieved the Guaranteed GCBC Net Profit during the Commitment Period. As a result, no compensation obligation shall be undertaken by the Group.

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 Agreement has been extended to 31 December 2017 (the "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 (the "Further Extension"), and if the Further Extension occurs, 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.

On 31 January 2018, the disposal of GCBC was completed. Accordingly, the Group ceased to hold any interest in GCBC and GCBC and its subsidiaries ceased to be the subsidiaries of the Company. A gain on disposal of $4,501,901,000 (note 8(b)(iii)) was recognised during the year ended 31 March 2018.

* English name is for identification purpose only.

8 DISPOSAL OF GCBC (continued)

(b) Discontinued operation

(i) Results of discontinued operation

	Note	Ten months from 1 April 2017 to 31 January 2018 $'000
Revenue	4	916,800
Cost of sales*		(143,303)
Gross profit		773,497
Other net income	5	24,585
Selling and marketing expenses*		(205,689)
Administrative expenses*		(212,309)
Profit from operations and profit before taxation#		380,084
Income tax expense		(61,673)
Profit for the period, net of tax		318,411
Gain on disposal of GCBC	8(b)(iii)	4,501,901
Income tax expense in relation to the disposal of GCBC##	7(b)(i)	(712,220)
Profit from discontinued operation for the period		4,108,092

* During the period from 1 April 2017 to 31 January 2018, no depreciation of property, plant and equipment and amortisation of intangible assets were charged to profit from discontinued operation after classification to assets of disposal group classified as held for sale since 31 March 2016 in accordance with the Group's accounting policies set out in note 2(x)(i).

During the period from 1 April 2017 to 31 January 2018, changes in fair value of financial liabilities at fair value through profit or loss include consolidated adjustments amounting to $174,617,000.

Gain on disposal of GCBC is subject to the PRC withholding tax at 10% on the consideration received by entity deducting tax computation basis of the transferred equity interest (the "Tax Gain") in accordance with the CIT Law and its relevant regulations. As the Group is still under communication with local tax bureau on the Tax Gain, the withholding tax in relation to the disposal of GCBC was initially provided based on the total consideration of RMB5,764,000,000 (equivalent to approximately $7,122,204,000 at the date of disposal) at a withholding tax rate of 10%, being the maximum tax exposure to the Group for the year ended 31 March 2018.

8 DISPOSAL OF GCBC (continued)

(b) Discontinued operation (continued)

(ii) Cash flows generated from discontinued operation

	Ten months from 1 April 2017 to 31 January 2018 $'000
Net cash generated from operating activities	778,041
Net cash used in investing activities	(48,442)
Net cash used in financing activities	(4,090)
Net cash generated from discontinued operation	725,509

(iii) Reconciliation of gain on disposal of GCBC

	As at 31 January 2018 $'000
Consideration	7,122,204
Extension fee	78,000
	7,200,204
Less the following items:	
Net assets of disposed group as at the date of disposal:	
Property, plant and equipment	(787,767)
Intangible assets	(151,042)
Goodwill	(66,663)
Available-for-sale securities	(421,993)
Inventories	(127,528)
Trade and other receivables	(589,386)
Cash and cash equivalents	(5,125,426)
Deferred tax assets	(38,666)
Trade and other payables	542,664
Income tax payables	5,325
Deferred income	2,737,953
	(4,022,529)
Non-controlling interests	1,209,398
Additional fee in relation to the settlement of the promissory note (Note)	(83,729)
Release of the cumulative exchange reserve and fair value reserve of GCBC upon the disposal of GCBC	198,557
	(2,698,303)
Gain on disposal of GCBC	4,501,901

8 DISPOSAL OF GCBC (continued)

(b) Discontinued operation (continued)

(iv) Reconciliation of net cash outflows in relation to the disposal of GCBC

	$'000
Consideration	7,122,204
Extension fee	78,000
Net settlement of interest-bearing borrowings (Note)	(2,193,615)
Cash and cash equivalents of GCBC as at the date of disposal	(5,125,426)
Net cash outflows in relation to the disposal of subsidiaries	(118,837)

Note: GMSC had previously issued a promissory note in a principal amount of US$250,000,000 (equivalent to approximately $1,950,000,000) (the "Promissory Note") to Blue Ocean Structure Investment Company Limited ("Blue Ocean"). During the year ended 31 March 2018, to facilitate the Agreement and guarantee Nanjing Ying Peng's benefits over the Target GCBC Shares, the Promissory Note was fully redeemed by the Group by way of (i) the payment of US$70,000,000 (equivalent to approximately $546,000,000); and (ii) the net settlement of the consideration received by the Group from Nanjing Ying Peng along with the completion of the disposal of GCBC of RMB1,775,293,000 (equivalent to approximately $2,193,615,000), as agreed among the Group, Nanjing Ying Peng and Blue Ocean.

9 DIRECTORS' EMOLUMENTS

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

	2019				
	Directors' fees $'000	Salaries, allowances and benefits in kind $'000	Discretionary bonuses $'000	Retirement scheme contributions (i) $'000	Total $'000
Executive directors					
Mr. KAM Yuen ("Mr. Kam")	–	2,600	16,000	1,018	19,618
Mr. KONG Kam Yu ("Mr. Kong")	–	2,836	8,000	1,018	11,854
Mr. FENG Wen (iii)	–	1,217	300	956	2,473
Non-executive director					
Ms. ZHENG Ting	390	–	–	100	490
Independent non-executive directors					
Prof. CAO Gang	60	–	600	100	760
Mr. GAO Yue (iii)	60	–	300	100	460
Prof. GU Qiao	60	–	600	100	760
Mr. Daniel FOA	200	–	300	100	600
	770	6,653	26,100	3,492	37,015

9 DIRECTORS' EMOLUMENTS (continued)

	2018					
	Directors' fees $'000	Salaries, allowances and benefits in kind $'000	Discretionary bonuses $'000	Retirement scheme contributions (i) $'000	Equity settled share-based payments (ii) $'000	Total $'000
Executive directors						
Mr. Kam	–	2,600	–	1,018	–	3,618
Mr. Kong	–	2,579	4,000	1,018	–	7,597
Non-executive directors						
Ms. ZHENG Ting	–	3,160	4,000	115	19,620	26,895
Mr. GAO Yue (iii)	60	–	1,180	100	–	1,340
Independent non-executive directors						
Prof. CAO Gang	60	–	1,180	100	–	1,340
Mr. FENG Wen (iii)	60	–	1,180	100	–	1,340
Prof. GU Qiao	60	–	1,180	100	–	1,340
Mr. Daniel FOA	200	–	1,180	100	–	1,480
	440	8,339	13,900	2,651	19,620	44,950

Notes:

(i) Amounts include compensations granted to the directors of the Company under a retirement benefits scheme approved by the shareholders at the annual general meeting of the Company held on 28 September 2016 (the "Retirement Benefits Scheme"), and is measured in accordance with the Group's accounting policies as set out in note 2(r)(i). A director will, subject to the terms and conditions of the Retirement Benefits Scheme, be entitled to a one-off cash benefit after ceasing to be a director in an amount to be calculated in accordance with the formula set out in the Retirement Benefits Scheme. The formula takes into account, among other things, (a) a base amount of the retirement cash for a 12-month period to be determined by reference to the office of a director (being (i) $1,000,000 for each 12-month period for an executive director and (ii) $100,000 for each 12-month period for a non-executive director and an independent non-executive director) and (b) the length of service of a director. Further details are set out in the Company's circular dated 26 August 2016.

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

(iii) On 26 April 2018, Mr. Feng Wen has been re-designated from an independent non-executive director to an executive director of the Company; and Mr. Gao Yue has been re-designated from an non-executive director to an independent non-executive director of the Company.

10 INDIVIDUALS WITH HIGHEST EMOLUMENTS

Of the five individuals with the highest emoluments, three (2018: one) are the directors whose emoluments are disclosed in note 9. The aggregate of the emoluments in respect of the other two (2018: four) individuals is as follows:

	2019 $'000	2018 $'000
Salaries and other emoluments	5,736	5,607
Discretionary bonuses	2,000	6,475
Equity settled share-based payments	–	42,398
Retirement scheme contributions	18	15
	7,754	54,495

The emoluments of the two (2018: four) individuals with the highest emoluments are within the following bands:

	Number of individuals	
	2019	2018
Emoluments bands		
$2,000,001 to $3,000,000	1	–
$3,000,001 to $5,000,000	–	–
$5,000,001 to $6,000,000	1	–
$6,000,001 to $9,000,000	–	–
$9,000,001 to $10,000,000	–	2
$10,000,001 to $15,000,000	–	–
$15,000,001 to $16,000,000	–	1
$16,000,001 to $20,000,000	–	–
$20,000,001 to $21,000,000	–	1
	2	4

11 OTHER COMPREHENSIVE INCOME

Components of other comprehensive income, including reclassification adjustments:

	2019 $'000	2018 $'000
Exchange reserve:		
Exchange differences on translation of financial statements to presentation currency	(332,514)	484,396
Share of other comprehensive income of associates and joint ventures	(3,136)	(628)
Less: Income tax expense	–	–
Net movement in exchange reserve during the year recognised in other comprehensive income	(335,650)	483,768
Fair value reserve:		
Changes in fair value of available-for-sale securities recognised during the year	–	(28,681)
Reclassification adjustment for amounts transferred to profit or loss — impairment loss on available-for-sale securities	–	2,093
Less: Income tax expense	–	–
Net movement in fair value reserve during the year recognised in other comprehensive income	–	(26,588)

12 (LOSS)/EARNINGS PER SHARE

(a) Basic (loss)/earnings per share

The calculation of basic (loss)/earnings per share is based on the consolidated loss attributable to equity shareholders of the Company of $675,444,000 (2018: consolidated profit attributable to equity shareholders of the Company of $3,399,149,000) and the weighted average of 2,916,932,000 Shares (2018: 2,958,051,000 Shares) in issue during the year, calculated as follows:

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

	Note	2019 Number of shares '000	2018 Number of shares '000
Issued ordinary shares at 1 April		**2,916,932**	2,966,140
Effect of repurchase of own shares	30(b)(ii)	**–**	(8,089)
Weighted average number of ordinary shares at 31 March		**2,916,932**	2,958,051

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

	2019 $'000	2018 $'000
(Loss)/profit attributable to equity shareholders		
– from continuing operations	**(675,444)**	(707,605)
– from discontinued operation	**–**	4,106,754
	(675,444)	3,399,149

(b) Diluted (loss)/earnings per share

The calculation of diluted (loss)/earnings per share is based on the consolidated loss attributable to equity shareholders of the Company of $675,444,000 (2018: consolidated profit attributable to equity shareholders of the Company of $3,399,149,000) and the weighted average number of ordinary shares of 2,916,932,000 Shares (2018: 2,958,051,000 Shares).

The calculation of diluted (loss)/earnings per share for the year ended 31 March 2019 did not include the potential effects of the warrant issued by an associate (2018: did not include the potential effects of deemed issuance of shares under the Company's share option scheme, convertible notes and warrant issued by an associate) as they have an anti-dilutive effect on the basic (loss)/earnings per share amount.

13 PROPERTY, PLANT AND EQUIPMENT

(a) Reconciliation of carrying amount

	Buildings held for own use $'000	Leasehold improvements $'000	Machinery $'000	Motor vehicles $'000	Furniture, fixtures and equipment $'000	Construction in progress $'000	Sub-total $'000	Interests in leasehold land held for own use under operating leases $'000	Total $'000
Cost:									
At 1 April 2018	1,310,338	62,917	293,188	28,081	106,173	45,231	1,845,928	1,786,667	3,632,595
Exchange adjustments	(82,163)	(3,814)	(16,642)	(933)	(5,912)	(2,872)	(112,336)	(52,169)	(164,505)
Additions	1,505	79	9,603	2,528	4,128	23,792	41,635	–	41,635
Transfer from construction in progress	19,505	–	1,310	–	–	(20,815)	–	–	–
Disposals	–	–	(1,391)	(1,195)	(5,074)	–	(7,660)	–	(7,660)
At 31 March 2019	1,249,185	59,182	286,068	28,481	99,315	45,336	1,767,567	1,734,498	3,502,065
Accumulated amortisation and depreciation:									
At 1 April 2018	266,109	54,312	151,509	23,537	89,382	–	584,849	259,755	844,604
Exchange adjustments	(16,987)	(3,287)	(7,992)	(741)	(5,136)	–	(34,143)	(7,008)	(41,151)
Charge for the year	34,875	876	32,187	1,187	3,901	–	73,026	36,239	109,265
Written back on disposals	–	–	(1,388)	(1,149)	(2,175)	–	(4,712)	–	(4,712)
At 31 March 2019	283,997	51,901	174,316	22,834	85,972	–	619,020	288,986	908,006
Impairment loss:									
At 1 April 2018	–	–	–	–	–	2,845	2,845	–	2,845
Exchange adjustments	–	–	–	–	–	(182)	(182)	–	(182)
At 31 March 2019	–	–	–	–	–	2,663	2,663	–	2,663
Net book value:									
At 31 March 2019	965,188	7,281	111,752	5,647	13,343	42,673	1,145,884	1,445,512	2,591,396

(Expressed in Hong Kong dollars unless otherwise indicated)

13 PROPERTY, PLANT AND EQUIPMENT (continued)

(a) Reconciliation of carrying amount (continued)

	Buildings held for own use $'000	Leasehold improvements $'000	Machinery $'000	Motor vehicles $'000	Furniture, fixtures and equipment $'000	Construction in progress $'000	Sub-total $'000	Interests in leasehold land held for own use under operating leases $'000	Total $'000
Cost:									
At 1 April 2017	1,232,119	57,612	253,992	28,686	87,740	7,811	1,667,960	1,707,181	3,375,141
Exchange adjustments	126,658	5,833	24,267	1,546	8,597	2,936	169,837	79,486	249,323
Additions	10,193	–	16,846	180	7,786	39,940	74,945	–	74,945
Cost adjustment	(58,632)	–	–	–	–	–	(58,632)	–	(58,632)
Transfer from construction in progress	–	–	3,082	–	2,374	(5,456)	–	–	–
Disposals	–	(528)	(4,999)	(2,331)	(324)	–	(8,182)	–	(8,182)
At 31 March 2018	1,310,338	62,917	293,188	28,081	106,173	45,231	1,845,928	1,786,667	3,632,595
Accumulated amortisation and depreciation:									
At 1 April 2017	205,805	48,878	120,330	22,945	74,701	–	472,659	211,155	683,814
Exchange adjustments	24,402	4,967	11,508	1,147	7,504	–	49,528	11,358	60,886
Charge for the year	35,902	995	24,669	1,731	7,489	–	70,786	37,242	108,028
Written back on disposals	–	(528)	(4,998)	(2,286)	(312)	–	(8,124)	–	(8,124)
At 31 March 2018	266,109	54,312	151,509	23,537	89,382	–	584,849	259,755	844,604
Impairment loss:									
At 1 April 2017	–	–	–	–	–	2,567	2,567	–	2,567
Exchange adjustments	–	–	–	–	–	278	278	–	278
At 31 March 2018	–	–	–	–	–	2,845	2,845	–	2,845
Net book value:									
At 31 March 2018	1,044,229	8,605	141,679	4,544	16,791	42,386	1,258,234	1,526,912	2,785,146

13 PROPERTY, PLANT AND EQUIPMENT (continued)

(b) At 31 March 2019, the Group had pledged interests in leasehold land with an aggregate carrying amount of $583,303,000 (2018: $638,196,000) as collateral against certain loans granted to the Group by a bank (note 27).

(c) At 31 March 2019, the Group was in the process of obtaining property ownership certificates for buildings in Beijing with an aggregate carrying amount of $858,814,000 (2018: $937,943,000).

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

	2019 $'000	2018 $'000
Outside Hong Kong — medium-term lease	**2,410,700**	2,571,141
Representing:		
Buildings held for own use	**965,188**	1,044,229
Interests in leasehold land held for own use under operating leases	**1,445,512**	1,526,912
	2,410,700	2,571,141

(e) Assets held under finance leases

At 31 March 2019, the net book value of machineries held under finance leases of the Group was $16,307,000 (2018: $19,226,000).

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

(Expressed in Hong Kong dollars unless otherwise indicated)

14 GOODWILL

Movements of goodwill during the year are as follows:

	$'000
Cost:	
At 1 April 2017	463,313
Exchange adjustments	45,898
At 31 March 2018 and 1 April 2018	**509,211**
Exchange adjustments	**(30,125)**
At 31 March 2019	**479,086**
Accumulated impairment loss:	
At 1 April 2017	(294,995)
Exchange adjustments	(31,925)
At 31 March 2018 and 1 April 2018	**(326,920)**
Exchange adjustments	**20,953**
At 31 March 2019	**(305,967)**
Carrying amount:	
At 31 March 2018	182,291
At 31 March 2019	**173,119**

14 GOODWILL (continued)

Impairment tests for cash-generating units containing goodwill

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

	2019 $'000	2018 $'000
Medical devices	**506**	506
Hospital management	**133,920**	143,092
Hospital operation	**38,693**	38,693
	173,119	182,291

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

Key assumptions used for value-in-use calculations:

	2019 %	2018 %
Average gross margin		
Medical devices	**65.7**	51.2
Hospital management	**47.0**	43.6
Hospital operation	**39.0**	47.5
Growth rate		
Medical devices	**3.0**	1.5
Hospital management	**3.0**	7.5
Hospital operation	**2.0**	4.0
Discount rate		
Medical devices	**16.2**	16.2
Hospital management	**12.5**	12.8
Hospital operation	**12.0**	12.3

14 GOODWILL (continued)

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

In accordance with the Group's accounting policies, the recoverable amount of each CGU is the greater of its fair value less costs of disposal and value-in-use. The valuation method of fair value less costs of disposal was not adopted for the Group's businesses because there was no reasonable basis for making a reliable estimate of the price at which an orderly transaction to sell the relevant CGUs would take place between market participants at the measurement date under the then prevailing current market condition. Instead, the valuation method of discounted cash flow was adopted for determining the recoverable amount of the relevant CGUs, which had been consistently applied in the valuation on the CGUs. The Group did not engage an external party to perform the valuation on the CGUs in the years ended 31 March 2019 and 2018.

Management determined the budgeted growth rates and gross margins based on past performance, market data in the same industry and its expectation for market development. The discount rates reflect specific risks relating to the relevant CGUs.

As at 31 March 2019 and 2018, the recoverable amounts of the CGUs are higher than their carrying amounts based on value-in-use calculations. Accordingly, no impairment on goodwill was recognised in the consolidated income statements for the years ended 31 March 2019 and 2018.

(Expressed in Hong Kong dollars unless otherwise indicated)

15 INTERESTS IN SUBSIDIARIES

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

Name of the Company	Place of incorporation and business	Proportion of ownership interest: Group's effective holding	Held by the Company	Held by subsidiaries	Issued/ registered capital	Principal activities
Jingjing (i)	The PRC	100.00%	–	100.00%	RMB100,000,000	Development, manufacture and sale of medical devices
China Bright Group Co. Limited	Hong Kong	100.00%	100.00%	–	149,423,167 shares	Investment holding and sale of medical devices
GM Hospital Group Limited	BVI	100.00%	100.00%	–	US$100	Investment holding
GM Hospital Management (China) Company Limited (i)	The PRC	100.00%	–	100.00%	RMB80,000,000	Provision of hospital management services
GM Investment Company Limited ("GM Investment")	Hong Kong	100.00%	100.00%	–	1 share	Investment holding
Baisuihang (i)	The PRC	100.00%	–	100.00%	RMB150,000,000	Research and development, manufacture and sale of Chinese herbal medicines
Shanghai East International Medical Center Limited ("SEIMC") (ii)	The PRC	56.00%	–	56.00%	US$5,250,000	Hospital operation
Beijing Qinghe Hospital Company Limited ("Qinghe Hospital") (iii)	The PRC	82.73%	–	82.73%	RMB150,000,000	Hospital management and operation
Beijing Sunbow Obstetrics and Gynaecology Hospital Company Limited ("Sunbow Hospital") (iii)	The PRC	82.73%	–	82.73%	RMB10,000,000	Hospital operation
Golden Meditech (Shanghai) Company Limited (i)	The PRC	100.00%	–	100.00%	US$10,000,000	Software design and production of medical equipment
GM-Medicare Management (China) Company Limited (i)	The PRC	70.00%	–	100.00%	US$15,000,000	Provision of medical insurance administration service

15 INTERESTS IN SUBSIDIARIES (continued)

Notes:

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

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

(iii) These subsidiaries are PRC domestic enterprises.

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

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

	2019			
	SEIMC $'000	Qinghe Hospital and Sunbow Hospital $'000	Other individually immaterial subsidiaries $'000	Total $'000
NCI percentage	44.00%	17.27%		
Non-current assets	43,576	1,757,684		
Current assets	44,684	172,330		
Current liabilities	(16,826)	(1,456,942)		
Non-current liabilities	–	(17,612)		
Net assets	71,434	455,460		
Carrying amount of NCI	31,431	78,658	(59,071)	51,018
Revenue	49,159	97,855		
Profit/(loss) for the year	6,012	(118,210)		
Total comprehensive income	1,424	(99,576)		
Profit/(loss) allocated to NCI	2,645	(20,414)	(9,662)	(27,431)
Dividend paid to NCI	(2,505)	–	–	(2,505)
Cash flows generated from/(used in) operating activities	6,731	(64,241)		
Cash flows (used in)/generated from investing activities	(6,565)	27,327		
Cash flows (used in)/generated from financing activities	(5,432)	44,375		

15 INTERESTS IN SUBSIDIARIES (continued)

	2018			
	SEIMC $'000	Qinghe Hospital and Sunbow Hospital $'000	Other individually immaterial subsidiaries $'000	Total $'000
NCI percentage	44.00%	17.27%		
Non-current assets	20,960	1,872,975		
Current assets	72,646	137,677		
Current liabilities	(17,901)	(1,435,462)		
Non-current liabilities	–	(20,153)		
Net assets	75,705	555,037		
Carrying amount of NCI	33,310	95,855	(50,785)	78,380
Revenue	52,759	54,359		
Profit/(loss) for the year	8,050	(193,115)		
Total comprehensive income	15,870	(214,647)		
Profit/(loss) allocated to NCI	3,542	(33,351)	(6,254)	(36,063)
Dividend paid to NCI	(5,476)	–	–	(5,476)
Cash flows generated from/(used in) operating activities	6,399	(57,161)		
Cash flows generated from investing activities	348	60,353		
Cash flows used in financing activities	(12,149)	(2,946)		

16 INTERESTS IN ASSOCIATES

Interests in associates comprise:

	Note	**2019 $'000**	2018 $'000
Investment in Cellenkos Inc. ("Cellenkos")	I	**17,505**	26,027
Investment in Life Corporation Limited ("LFC")	II	**–**	6,951
Amounts due from LFC	III	**31,725**	7,963
		49,230	40,941

16 INTERESTS IN ASSOCIATES (continued)

Details of the Group's interests in associates, which are accounted for using the equity method in the consolidated financial statements, are as follows:

				Proportion of ownership interest			
Name of associate	Form of business structure	Place of incorporation and business	Particulars of issued and paid-up capital	Group's effective interest	Held by the Company	Held by a subsidiary	Principal activity
Cellenkos	Incorporated	United States (the "US")	US$745	17.45%	17.45%	–	Research and development of stem cells therapies
LFC	Incorporated	Australia/Singapore	AUD2,255,219	50.23%	–	50.23%	Provision of funeral services

Note I: On 15 September 2016, the Company entered into several agreements in relation to the investment in Cellenkos, pursuant to which, (i) the Company agreed to subscribe for 1,300,000 shares of Cellenkos, representing approximately 17.45% issued share capital of Cellenkos, at a consideration of approximately US$5,098,000 (equivalent to approximately $39,764,000); and (ii) the Company was granted a warrant (the "Cellenkos Warrant") issued by Cellenkos to subscribe for a maximum of 1,300,000 shares of Cellenkos at an exercise price of US$3.921569 per share, same as the initial investment price, within two years from the issuance date.

The Company is entitled to vote the number of shares represented by the Cellenkos Warrant and receive dividends as if the Cellenkos Warrant had already been exercised. Assuming all warrants granted by Cellenkos to its shareholders were exercised in full, the Group's effective interest in Cellenkos would be 26%. Pursuant to the above mentioned agreements, management determined that the Group has significant influence over Cellenkos, including participation in its financial and operating policy decisions and Cellenkos is therefore an associate of the Group.

On 15 March 2019 and 15 May 2019, amendments to stock purchase warrant were entered into between Cellenkos and the Company, pursuant to which, the expiration date of the Cellenkos Warrant was extended to the 32 months and 34 months from the issuance date, respectively.

The Cellenkos Warrant is considered as an embedded derivative component of the investment which is separated from the host contract and measured in accordance with the Group's accounting policies as set out in note 2(h). Any excess of payments over the amount initially recognised as the derivative financial assets is recognised as interest in an associate.

Movements of the investment in Cellenkos are set out as below:

	Interest in Cellenkos $'000	Cellenkos Warrant $'000	Total $'000
As at 1 April 2018	26,027	1,598	27,625
Share of losses of Cellenkos	(8,522)	–	(8,522)
Changes in fair value of financial assets at fair value through profit or loss	–	(1,598)	(1,598)
As at 31 March 2019	17,505	–	17,505

As at 31 March 2019, the Company has not yet exercised any of the Cellenkos Warrant.

Subsequently on 3 April 2019, the Company elected to purchase 255,000 shares of Cellenkos, pursuant to the terms of the Cellenkos Warrant and tendered herewith payment of the purchase price in full of US$1,000,000.

16 INTERESTS IN ASSOCIATES (continued)

Note II: The Group previously held 19.76% equity interest in LFC and the convertible notes with a principal amount of Singapore Dollars ("SGD") 3,000,000 issued by LFC (the "GM Debt") with a maturity date of 30 July 2019, at an conversion price of Australian Dollars ("AUD") 0.16 per ordinary share of LFC. LFC was previously listed on the Australian Securities Exchange ("ASX") and issued another convertible notes with a principal amount of SGD3,000,000 (the "Northeast Debt") to Northeast Capital Pte Ltd. ("Northeast"), an independent third party.

Due to the delay of the construction of the automated columbarium in Singapore, LFC had not been able to generate sufficient cash and was not able to meet its interest payment obligations, which constituted an event of default under the terms of the GM Debt. On 30 June 2017, the Group and LFC entered into a debt capitalisation agreement (the "GM Debt Capitalisation Agreement"), pursuant to which, the Group agreed to convert the GM Debt at a price of AUD0.005 per share, into 721,428,571 ordinary shares of LFC and terminate the GM Debt. Simultaneously, Northeast also entered into a similar debt capitalisation agreement (the "Northeast Debt Capitalisation Agreement") to convert the Northeast Debt at a price of AUD0.005 per share, into 721,428,571 ordinary shares of LFC and terminate the Northeast Debt.

On 16 October 2017, both the GM Debt Capitalisation Agreement and the Northeast Debt Capitalisation Agreement were completed. Accordingly, the Group and Northeast held 48.6% and 47.7% equity interest in LFC, respectively. The initial cost of the investment in LFC was stated at fair value of the ordinary shares of LFC owned by the Group, being $8,935,000, with reference to the quoted market price of AUD0.002 per share.

Subsequent to the debt capitalisation, LFC undertaken certain equity transactions and then delisted its shares from the ASX. Upon completion of the abovementioned transactions and as at 31 March 2019 and 2018, the Group's shareholding in LFC was approximately 50.23%.

Pursuant to the consolidated constitution of LFC, the board of directors of LFC has the highest power over the business of LFC, which contains one director from the Group, one from Northeast and an independent director. Resolution made by the board of directors of LFC are decided by a majority of votes of directors. As a result, management determined that LFC is an associate of the Group.

Note III: As at 31 March 2019, the amounts included loans to a subsidiary of LFC with an aggregate principal amount of SGD5,800,000 (equivalent to approximately $33,585,000) (2018: SGD1,300,000 (equivalent to approximately $7,779,000)) at an interest rate of 9% p.a. for a term of 3 years expiring on 5 November 2020. The loan is guaranteed by certain guarantors including Mr. Kong. The provision of the loan facility is to finance the on-going development of the automated columbarium business in Singapore. Management considered that such loans to the subsidiary of LFC, in substance, form part of the Group's net investment in LFC. During the year ended 31 March 2019, share of losses of LFC recognised using the equity method in excess of the Group's equity investment in LFC were applied to such loans.

Both Cellenkos and LFC are unlisted entities and did not have quoted market price for valuation as at 31 March 2019.

16 INTERESTS IN ASSOCIATES (continued)

Summarised financial information of the Group's associates, adjusted for any differences in accounting policies, and a reconciliation to the carrying amount in the consolidated financial statements, are disclosed below:

	Cellenkos		LFC	
	2019 $'000	2018 $'000	**2019 $'000**	2018 $'000
Gross amounts				
Non-current assets	**73,108**	89,211	**56,446**	34,239
Current assets	**28,502**	60,236	**6,649**	7,320
Current liabilities	**(1,291)**	(294)	**(23,152)**	(6,800)
Non-current liabilities	**–**	–	**(51,233)**	(25,035)
Net assets/(liabilities)	**100,319**	149,153	**(11,290)**	9,724
Revenue	**–**	–	**19,317**	5,841
Loss for the year	**(48,834)**	(36,115)	**(20,645)**	(3,210)
Other comprehensive income	**–**	–	**(368)**	(1,250)
Total comprehensive income	**(48,834)**	(36,115)	**(21,013)**	(4,460)
Reconciled to the Group's interests in associates				
Gross amounts of net assets/(liabilities) of associates	**100,319**	149,153	**(11,290)**	9,724
Group's effective interest	**17.45%**	17.45%	**50.23%**	50.23%
Group's share of net assets/(liabilities) of associates	**17,505**	26,027	**(5,671)**	4,884
Goodwill	**–**	–	**2,067**	2,067
Amounts due from LFC	**–**	–	**35,329**	7,963
Carrying amount in the consolidated financial statements	**17,505**	26,027	**31,725**	14,914

17 INTERESTS IN JOINT VENTURES

Interests in joint ventures comprise:

	Note	**2019 $'000**	2018 $'000
Investment in Golden Meditech Javadi Precision Medicine Limited ("GM Javadi")	I	**–**	–
Investment in ASA Asset Management Co., Ltd. ("ASA")	II	**32,048**	31,364
Investment in Seragaki Okinawa Joint Venture Limited ("SOJV")	III	**–**	–
Amounts due from joint ventures	IV	**167,450**	73,628
		199,498	104,992

(Expressed in Hong Kong dollars unless otherwise indicated)

17 INTERESTS IN JOINT VENTURES (continued)

Details of the Group's interests in joint ventures, which are accounted for using the equity method in the consolidated financial statements, are as follows:

Name of joint venture	Form of business structure	Place of incorporation and business	Particulars of issued and paid-up capital	Proportion of ownership interest: Group's effective interest	Held by the Company	Held by subsidiaries	Principal activity
GM Javadi	Incorporated	Cayman Islands/ the US	US$1,000,000	40.0%	–	40.0%	Operation of precision medicine clinic
ASA	Incorporated	Japan	JPY70,000,000	50.0%	–	50.0%	Real estate asset management and arrangement services
SOJV	Incorporated	Hong Kong/ Japan	$1,000	50.0%	–	50.0%	Development of real estate

Note I: In January 2017, GM Javadi was established by the Group and two independent third parties. Pursuant to the terms of the shareholders' agreement, the Group and other parties contractually agreed to share control of GM Javadi and have rights to the net assets of GM Javadi. Thus, management determined that GM Javadi is a joint venture of the Group.

Note II: In December 2017, Golden Meditech K.K. ("GM K.K."), a wholly-owned subsidiary of the Company, entered into a share transfer agreement with ASA Global Inc. (the "ASA Vendor"), an independent third party, and Magnum Opus International Holdings Limited ("Magnum Opus"), which is wholly-owned by Mr. Kam, pursuant to which, GM K.K. and Magnum Opus each agreed to acquire 50% of the equity interest in ASA from the ASA Vendor at a cash consideration of Japanese Yen ("JPY")425,000,000 each (equivalent to approximately $30,730,000 at payment date).

The transaction was completed on 28 February 2018. GM K.K. and Magnum Opus each owns 50% equity interest in ASA and ASA became a joint venture of the Group.

Note III: During the year ended 31 March 2019, SOJV was jointly formed by GM Investment and Magnum Opus with 50% equity interest in SOJV each.

Note IV: As at 31 March 2019, the amounts included:

(i) a loan to a subsidiary of GM Javadi with a principal of US$8,229,000 (equivalent to approximately $64,186,000) (2018: US$8,229,000 (equivalent to approximately $64,186,000)) for a period of 5 years expiring on 11 January 2022, at an interest rate charged at the United States prime rate. The loan is pledged by certain land and building held by the said subsidiary of GM Javadi. The loan is measured at amortised cost method;

(ii) advances to a subsidiary of GM Javadi of US$3,300,000 (equivalent to approximately $25,740,000) (2018: US$1,600,000 (equivalent to approximately $12,480,000)) which were repayable on demand. Management considered that such advances to the subsidiary of GM Javadi, in substance, form part of the Group's net investment in GM Javadi. During the years ended 31 March 2019 and 2018, share of losses of GM Javadi recognised using the equity method in excess of the Group's equity investment in GM Javadi were applied to the said advances; and

(iii) a loan to SOJV with a principal of JPY1,200,000,000 (equivalent to approximately $84,960,000) for a period of 5 years expiring on 13 August 2023, at an interest rate of 5% p.a.. The loan is measured at amortised cost method. Management considered that such loan to SOJV, in substance, forms part of the Group's net investment in SOJV. During the year ended 31 March 2019, share of losses of SOJV recognised using the equity method in excess of the Group's equity investment in SOJV were applied to such loan.

Both GM Javadi, ASA and SOJV are all unlisted entities and did not have quoted market price for valuation as at 31 March 2019.

17 INTERESTS IN JOINT VENTURES (continued)

Summarised financial information of the Group's joint ventures, adjusted for any differences in accounting policies, and a reconciliation to the carrying amount in the consolidated financial statements, are disclosed below:

	GM Javadi		ASA		SOJV
	2019 $'000	2018 $'000	2019 $'000	2018 $'000	2019 $'000
Gross amounts					
Non-current assets	67,250	64,557	2,985	1,960	257,501
Current assets	1,687	3,247	14,739	15,324	19,464
Current liabilities	(31,147)	(15,674)	(2,386)	(3,308)	(176,115)
Non-current liabilities	(64,186)	(64,186)	–	(6)	(106,200)
Net (liabilities)/assets	(26,396)	(12,056)	15,338	13,970	(5,350)
Included in the above assets and liabilities:					
Cash and cash equivalents	1,272	3,215	12,156	10,989	13,191
Current financial liabilities – due to the Group	(29,368)	(14,264)	–	–	(2,169)
Non-current financial liabilities – loan due to the Group	(64,186)	(64,186)	–	–	(84,960)
Revenue	8,688	9,541	16,292	2,677	–
(Loss)/profit for the year	(14,340)	(16,527)	1,760	1,269	158
Other comprehensive income	–	–	(394)	–	(5,508)
Total comprehensive income	(14,340)	(16,527)	1,366	1,269	(5,350)
Included in the above (loss)/profit:					
Depreciation and amortisation charges	1,284	1,256	–	–	–
Interest expenses	3,303	2,746	–	–	–
Reconciled to the Group's interests in joint ventures					
Gross amounts of net (liabilities)/assets of joint ventures	(26,396)	(12,056)	15,338	13,970	(5,350)
Group's effective interest	40.0%	40.0%	50.0%	50.0%	50.0%
Group's share of net (liabilities)/assets of joint ventures	(10,558)	(4,822)	7,669	6,985	(2,675)
Goodwill	–	–	24,379	24,379	–
Amounts due from joint ventures	93,554	78,450	–	–	87,129
Carrying amount in the consolidated financial statements	82,996	73,628	32,048	31,364	84,454

18 INVESTMENT IN FORTRESS GROUP LIMITED

On 22 March 2014, GM Investment, a wholly-owned subsidiary of the Company, entered into a conditional sale and purchase agreement with 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 the completion of the Fortress Disposal, the Group will not hold any interest in Fortress and Fortress will cease to be an associate of the Group. Accordingly, the Group reclassified its interest in an associate as "non-current assets classified as held for sale" and transferred exchange reserve related to the interest in an associate to "amounts recognised in other comprehensive income and accumulated in equity relating to non-current assets classified as held for sale" as at 31 March 2014.

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

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

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

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

18 INVESTMENT IN FORTRESS GROUP LIMITED (continued)

Since the receipt of the notice from the senior security holder of Fortress, the Company has taken 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 interest in Fortress. As at 31 March 2016, no definite agreements have been reached.

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 which, Fortress authorises GM Investment to receive an unsettled sum in relation to its sale of 100% equity interest in Funtalk to Sanpower of not less than approximately US$250,000,000 (equivalent to approximately $1,950,000,000) from Sanpower (the "Fortress Unsettled Sum"). Accordingly, GM Investment agrees to pay a settlement sum of US$180,000,000 (equivalent to approximately $1,404,000,000) (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 ("Mr. Yuan"), 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.

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 the Company's circular dated 23 December 2016.

Upon the execution of the Fortress Settlement Agreements, a financial liability, namely "amounts due to PAGAC" and a financial asset, namely "amounts due from Sanpower", being the present values 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 US$94,170,000 (equivalent to approximately $734,525,000) at initial recognition had been recognised in the consolidated income statement for the year ended 31 March 2017 under the caption "reversal of impairment loss on investment in Fortress Group Limited".

18 INVESTMENT IN FORTRESS GROUP LIMITED (continued)

During the year ended 31 March 2019, it was drawn to the management attention that Sanpower was facing credit crunch during the year, and received unanimous support from creditors to resolve its current difficulties. In March 2019, the Group issued a demand letter to each of Sanpower and Mr. Yuan, the guarantor of Sanpower under the settlement agreement, demanding the settlement of the fourth instalment by 31 March 2019. As at the date of this annual report, the Group has not received any response from Sanpower nor Mr. Yuan. The Group expects the remaining two instalments due from Sanpower will be settled in October 2020 and July 2021, respectively.

During the year ended 31 March 2019, the Group recognised an ECL against the receivables due from Sanpower of $378,843,000. The amount due to PAGAC of $429,000,000 was due in July 2018 and has yet to be paid to PAGAC as at 31 March 2019.

Movement of amounts due from Sanpower and amounts due to PAGAC during the year are as below:

		2019		2018	
	Note	**Amounts due from Sanpower (notes 20 and 22) $'000**	**Amounts due to PAGAC (note 25) $'000**	Amounts due from Sanpower (notes 20 and 22) $'000	Amounts due to PAGAC (note 25) $'000
At beginning of the year		**1,207,177**	**(429,000)**	1,518,498	(858,000)
Impact on initial application of HKFRS 9 (Note)		**(113,853)**	**–**	–	–
Adjusted balance at beginning of the year		**1,093,324**	**(429,000)**	1,518,498	(858,000)
Interest income	5	**86,478**	**–**	117,679	–
Impairment loss	6(c)	**(378,843)**	**–**	–	–
Settlements		**(429,000)**	**–**	(429,000)	429,000
At end of the year		**371,959**	**(429,000)**	1,207,177	(429,000)
Representing:					
Current portion		**–**	**(429,000)**	827,056	(429,000)
Non-current portion		**371,959**	**–**	380,121	–
		371,959	**(429,000)**	1,207,177	(429,000)

Note: The Group has initially applied HKFRS 9 at 1 April 2018. Under the transition method chosen, comparative information is not restated. See note 2(c)(i).

19 OTHER FINANCIAL ASSETS/AVAILABLE-FOR-SALE SECURITIES

Other financial assets/available-for-sale securities comprise:

	2019 $'000	2018 $'000
Other financial assets measured at FVPL (Note)		
Fund investments	29,560	–
Unlisted equity securities outside Hong Kong	9,361	–
	38,921	–
Available-for-sale securities (Note)		
Fund investments	–	14,973
Unlisted equity securities outside Hong Kong	–	2,865
Unlisted debt securities	–	1,950
	–	19,788

Note: Available-for-sale securities were reclassified to other financial assets measured at FVPL upon the initial application of HKFRS 9 at 1 April 2018. See note 2(c)(i).

20 NON-CURRENT OTHER RECEIVABLES

Non-current other receivables comprise:

	Note	2019 $'000	2018 $'000
Amounts due from Sanpower	18	371,959	380,121
Investment deposits	(i)	–	404,790
		371,959	784,911

(i) As at 31 March 2018, investment deposits included a refundable deposit for the Group's proposed acquisition of limited partnership interest in Nanjing Ying Peng, amounting to RMB318,000,000 (equivalent to approximately $397,400,000).

In July 2018, the Group terminated the acquisition of limited partnership interest in Nanjing Ying Peng due to the acquisition conditions not satisfied. The Group has since received the deposit in full together with the accrued interest of approximately $642,000.

Further details are set out in the Company's announcements dated 4 February 2018, 31 July 2018 and 8 August 2018.

21 INVENTORIES

(a) Inventories comprise:

	2019 $'000	2018 $'000
Raw materials	**5,273**	5,787
Work in progress	**13,730**	8,882
Finished goods	**4,924**	17,684
	23,927	32,353

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

	Note	2019 $'000	2018 $'000
Carrying amount of inventories sold and consumed	6(c)		
— continuing operations		**96,645**	56,985
— discontinued operation		**—**	177,893
		96,645	234,878

22 TRADE AND OTHER RECEIVABLES

(a) Trade and other receivables comprise:

	Note	2019 $'000	2018 $'000
Trade receivables		**48,787**	32,929
Less: Allowance for doubtful debts	31(a)(ii)	**(3,329)**	(1,292)
		45,458	31,637
Prepayments and other deposits		**7,236**	9,531
Investment deposit	(i)	**7,080**	—
Other receivables		**96,162**	71,045
Income tax recoverable	29(a)	**2,412**	—
Amounts due from Sanpower	18	**—**	827,056
		158,348	939,269

(i) As at 31 March 2019, investment deposit represented a refundable deposit for the Group's proposed acquisition of a property located in Japan amounting to JPY100,000,000 (equivalent to approximately $7,080,000).

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

22 TRADE AND OTHER RECEIVABLES (continued)

(b) Ageing analysis

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

	2019 $'000	2018 $'000
Neither past due nor impaired	29,305	26,284
Past due (net of allowance for doubtful debts)		
Within six months	13,025	2,858
Between seven and twelve months	3,128	1,510
Over one year	–	985
	16,153	5,353
	45,458	31,637

The Group's credit policy is set out in note 31(a).

23 PLEDGED AND TIME DEPOSITS

Pledged and time deposits comprise:

	2019 $'000	2018 $'000
Time deposits with original maturities over three months	29,240	49,988
Pledged deposits (i)	643,275	966,508
	672,515	1,016,496

(i) The balance represented bank deposits of $643,275,000 (2018: $966,508,000), which were pledged for certain interest-bearing borrowings (note 27).

24 CASH AND CASH EQUIVALENTS

(a) Cash and cash equivalents comprise:

	2019 $'000	2018 $'000
Cash and cash equivalents in the consolidated statement of financial position and cash flow statement	**3,068,456**	2,795,654

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

	Note	2019 $'000	2018 $'000
(Loss)/profit before taxation		**(661,774)**	4,145,498
— from continuing operations		**(661,774)**	(736,487)
— from discontinued operation		**–**	4,881,985
Adjustments for:			
Impairment loss on trade receivables	6(c)	**2,120**	30,367
Impairment loss on other receivables	6(c)	**378,843**	–
Impairment loss on available-for-sale securities	6(c)	**–**	49,603
Depreciation of property, plant and equipment	6(c)	**73,026**	70,786
Amortisation of land lease premium	6(c)	**36,239**	37,242
Interest income from bank deposits	5	**(16,995)**	(17,584)
Interest income from other receivables	5	**(86,478)**	(117,679)
Interest income from an investment deposit	5	**(642)**	–
Interest income from loans to associates and joint ventures	5	**(8,840)**	(3,274)
Distribution from fund investments	5	**(6,903)**	–
Net loss/(gain) on disposal of property, plant and equipment	5	**264**	(1,204)
Dividend income from available-for-sale securities		**–**	(816)
Dividend income from a joint venture		**(54)**	–
Finance costs	6(a)	**74,271**	377,055
Equity settled share-based payment expenses	6(b)	**–**	50,219
Changes in fair value of financial instruments at fair value through profit or loss	6(c)	**13,971**	47,485
Gain on disposal of subsidiaries	8	**–**	(4,501,901)
Share of losses of associates		**18,892**	7,897
Share of losses of joint ventures		**4,777**	5,976
Exchange (gain)/loss		**(24,029)**	18,750
Effects of foreign exchange rates		**(6,659)**	(489)
Operating (loss)/profit before changes in working capital		**(209,971)**	197,931
(Increase)/decrease in trade and other receivables		**(45,162)**	22,677
Decrease/(increase) in inventories		**6,352**	(23,351)
Increase in trade and other payables		**148,619**	86,543
Increase in deferred income		**–**	363,096
Decrease in contract liabilities		**(3,536)**	–
Cash (used in)/generated from operations		**(103,698)**	646,896

24 CASH AND CASH EQUIVALENTS (continued)

(c) Reconciliation of liabilities arising from financing activities:

The table below details changes in the Group's liabilities from financing activities, including both cash and non-cash changes. Liabilities arising from financing activities are liabilities for which cash flows were, or future cash flows will be, classified in the Group's consolidated cash flow statement as cash flows from financing activities.

	Interest-bearing borrowings $'000 (Note 27)	Other payables $'000	Obligations under finance leases $'000 (Note 28)	Total $'000
At 1 April 2018	1,150,591	1,102	23,464	1,175,157
Exchange adjustments	–	–	(1,493)	(1,493)
Changes from financing cash flows:				
Repayments of interest-bearing borrowings	(232,000)	–	–	(232,000)
Interest paid on interest-bearing borrowings and other charges	(12,454)	(58,595)	–	(71,049)
Capital element of finance leases rentals paid	–	–	(1,435)	(1,435)
Interest element of finance leases rentals paid	–	–	(1,682)	(1,682)
Total changes from financing cash flows	(244,454)	(58,595)	(3,117)	(306,166)
Other changes:				
Finance costs	12,781	59,808	1,682	74,271
Exchange gain	(24,029)	–	–	(24,029)
Total other changes	(11,248)	59,808	1,682	50,242
At 31 March 2019	894,889	2,315	20,536	917,740

24 CASH AND CASH EQUIVALENTS (continued)

(c) Reconciliation of liabilities arising from financing activities: (continued)

	Interest-bearing borrowings $'000 (Note 27)	Other payables $'000	Obligations under finance leases $'000 (Note 28)	Financial liabilities at fair value through profit or loss $'000	Total $'000
At 1 April 2017	2,822,725	19,846	23,020	158,088	3,023,679
Exchange adjustments	–	–	2,106	–	2,106
Changes from financing cash flows:					
Net proceeds from interest-bearing borrowings	1,118,668	–	–	–	1,118,668
Repayments of interest-bearing borrowings	(837,837)	–	–	–	(837,837)
Interest paid on interest-bearing borrowings and other charges	(135,130)	(26,036)	–	–	(161,166)
Capital element of finance leases rentals paid	–	–	(1,662)	–	(1,662)
Interest element of finance leases rentals paid	–	–	(1,813)	–	(1,813)
Payment for redemption of convertible notes	–	–	–	(196,762)	(196,762)
Interest paid on convertible notes	–	–	–	(4,680)	(4,680)
Total changes from financing cash flows	145,701	(26,036)	(3,475)	(201,442)	(85,252)
Other changes:					
Net settlement of interest-bearing borrowings in connection with the disposal of GCBC	(2,193,615)	–	–	–	(2,193,615)
Finance costs	357,030	7,292	1,813	–	366,135
Changes in fair value of financial liabilities at fair value through profit or loss	–	–	–	43,354	43,354
Exchange loss	18,750	–	–	–	18,750
Total other changes	(1,817,835)	7,292	1,813	43,354	(1,765,376)
As at 31 March 2018	1,150,591	1,102	23,464	–	1,175,157

(Expressed in Hong Kong dollars unless otherwise indicated)

25 TRADE AND OTHER PAYABLES

Trade and other payables comprise:

	Note	2019 $'000	2018 $'000
Trade payables		**9,643**	8,596
Construction costs payables		**6,078**	9,123
Amounts due to PAGAC	18	**429,000**	429,000
Investment deposits	(i)	**257,325**	312,422
Withholding tax in relation to the disposal of GCBC		**674,152**	720,320
Other payables and accrued expenses		**415,794**	295,575
		1,791,992	1,775,036

(i) The balance represented investment deposits of RMB220,013,000 (equivalent to approximately $257,325,000) (2018: RMB250.000.000 (equivalent to approximately $312,422,000)) received from a third party for participating in a proposed acquisition in healthcare business.

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

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

	2019 $'000	2018 $'000
Due within three months or on demand	**9,643**	8,596

26 CONTRACT LIABILITIES

Contract liabilities comprise:

	At 31 March 2019 $'000	At 1 April 2018 (Note) $'000	At 31 March 2018 $'000
Billings in advance of performance	**11,510**	5,831	–
Advance receipts from customers for sale of medical devices	**10,753**	21,754	–
	22,263	27,585	–

Note: The Group has initially applied HKFRS 15 using the cumulative effect method and adjusted the opening balance at 1 April 2018. As a result of the adoption of HKFRS 15, advances received from customers are reclassified from trade and other payables to contract liabilities. See note 2(c)(ii).

26 CONTRACT LIABILITIES (continued)

Movements of contract liabilities during the year are as follows:

	2019 $'000
At 1 April	27,585
Exchange adjustments	(1,786)
Decrease in contract liabilities as a result of recognising revenue during the year that was included in the contract liabilities as at 1 April	(17,441)
Net increase in contract liabilities as a result of receiving advance payments and recognising revenue during the year	13,905
At 31 March	22,263

27 INTEREST-BEARING BORROWINGS

As at 31 March 2019 and 2018, the interest-bearing borrowings were repayable as follows:

	2019 $'000	2018 $'000
Within one year or on demand	894,889	231,807
After one year but within two years	–	918,784
	894,889	1,150,591

As at 31 March 2019 and 2018, the interest-bearing borrowings were secured as follows:

	2019 $'000	2018 $'000
Secured bank loans	894,889	1,150,591

As at 31 March 2019, the bank loans of the Company of $894,889,000 (2018: $1,150,591,000) were secured by the Group's interests in leasehold land located in the PRC with an aggregate carrying amount of $583,303,000 (2018: $638,196,000) (note 13(b)) and bank deposits of $643,275,000 (2018: $966,508,000) (note 23).

28 OBLIGATIONS UNDER FINANCE LEASES

At 31 March 2019 and 2018, the Group had obligations under finance leases repayable as follows:

	2019		2018	
	Present value of 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	2,924	2,924	3,311	3,322
After one year but within two years	2,686	2,924	2,869	3,124
After two years but within five years	6,813	8,772	7,279	9,373
After five years	8,113	14,620	10,005	18,745
	17,612	26,316	20,153	31,242
	20,536	29,240	23,464	34,564
Less: Total future interest expenses		(8,704)		(11,100)
Present value of lease obligations		20,536		23,464

29 INCOME TAX IN THE CONSOLIDATED STATEMENT OF FINANCIAL POSITION

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

	Note	2019 $'000	2018 $'000
At beginning of the year		66,585	61,086
Exchange adjustments		(3,221)	3,750
Provision for the year	7(a)(i)	43,055	13,363
Withholding tax		(1,854)	—
Tax paid		(44,710)	(11,614)
At end of the year		59,855	66,585
Representing:			
Income tax payable		62,267	66,585
Income tax recoverable	22(a)	(2,412)	—
		59,855	66,585

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

(b) Deferred tax (assets)/liabilities recognised

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

	Note	Depreciation/ amortisation allowance in excess of the related depreciation/ amortisation $'000	Allowance for doubtful debts $'000	Others $'000	Total $'000
At 1 April 2017		130,681	(321)	(6,545)	123,815
Exchange adjustments		14,574	(15)	(128)	14,431
(Credited)/charged to the consolidated income statement	7(a)(i)	(4,626)	336	(554)	(4,844)
At 31 March 2018 and 1 April 2018		**140,629**	**–**	**(7,227)**	**133,402**
Exchange adjustments		**(10,276)**	**–**	**1,345**	**(8,931)**
(Credited)/charged to the consolidated income statement	7(a)(i)	**(2,919)**	**(226)**	**1,191**	**(1,954)**
At 31 March 2019		**127,434**	**(226)**	**(4,691)**	**122,517**

(ii) Reconciliation to the consolidated statement of financial position is as follows:

	2019 $'000	2018 $'000
Net deferred tax assets recognised in the consolidated statement of financial position	**(12,978)**	(15,028)
Net deferred tax liabilities recognised in the consolidated statement of financial position	**135,495**	148,430
	122,517	133,402

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

(c) Deferred tax assets not recognised

In accordance with the accounting policy set out in note 2(s), the Group has not recognised deferred tax assets in respect of cumulative tax losses of $1,835,234,000 (2018: $1,542,348,000), as it is not probable that future taxable profits against which the losses can be utilised will be available in the relevant tax jurisdiction and entity. Cumulative tax losses of $904,284,000 (2018: $706,348,000), do not expire under the current tax legislation, while cumulative tax losses amounting to $930,950,000 (2018: $836,000,000) will expire in five years under the current tax legislation.

(d) Deferred tax liabilities not recognised

As at 31 March 2019 and 2018, nil deferred tax liabilities have been recognised in respect of the withholding tax payable on the distribution of the retained earnings of the Group's PRC subsidiaries generated subsequent to 1 January 2008 which the directors expect to distribute outside the PRC in the foreseeable future.

As at 31 March 2019, temporary differences relating to the undistributed profits of the Group's PRC subsidiaries amounted to $704,885,000 (2018: $738,803,000). Deferred tax liabilities of $70,489,000 (2018: $73,880,000) have not been recognised in respect of the withholding tax that would be payable on the distribution of these retained earnings as the Company controls the dividend policy of these subsidiaries and it has been determined that it is probable that profits will not be distributed in the foreseeable future.

30 CAPITAL, RESERVES AND DIVIDENDS

(a) Movements in components of equity

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

	Note	Share capital $'000	Share premium $'000	Capital redemption reserve $'000	Capital reserve $'000	Retained earnings $'000	Total $'000
Balance at 1 April 2017		593,228	3,293,087	11,679	10,667	395,616	4,304,277
Changes in equity for the year ended 31 March 2018:							
Total comprehensive income for the year		–	–	–	–	(262,871)	(262,871)
Repurchase and cancellation of own shares	30(b)(ii)	(9,842)	(49,017)	9,842	–	(9,842)	(58,859)
Dividend approved and paid during the year	30(d)	–	(875,080)	–	–	–	(875,080)
Cancellation of share options		–	–	–	(10,667)	10,667	–
Balance at 31 March 2018 and 1 April 2018		**583,386**	**2,368,990**	**21,521**	**–**	**133,570**	**3,107,467**
Changes in equity for the year ended 31 March 2019:							
Total comprehensive income for the year		**–**	**–**	**–**	**–**	**(3,272)**	**(3,272)**
Balance at 31 March 2019		**583,386**	**2,368,990**	**21,521**	**–**	**130,298**	**3,104,195**

30 CAPITAL, RESERVES AND DIVIDENDS (continued)

(b) Share capital

	Note	2019 Number of shares '000	2019 Amount $'000	2018 Number of shares '000	2018 Amount $'000
Authorised:					
Ordinary shares of par value of $0.20 each	(i)	**5,000,000**	**1,000,000**	5,000,000	1,000,000
Issued and fully paid:					
At beginning of the year		**2,916,932**	**583,386**	2,966,140	593,228
Repurchase and cancellation of own shares	(ii)	**–**	**–**	(49,208)	(9,842)
At end of the year		**2,916,932**	**583,386**	2,916,932	583,386

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 ordinary shares rank equally with regard to the Company's residual assets.

(i) Authorised share capital

The authorised share capital of the Company is $1,000,000,000, divided into 5,000,000,000 Shares.

(ii) Repurchase and cancellation of own shares

At the meeting of the board of directors of the Company held on 30 October 2017, the board of directors approved the application of the Company to voluntarily withdraw the listing of the TDRs from the Taiwan Stock Exchange (the "Voluntary Delisting Application") and the Company shall repurchase any outstanding TDRs at the price of TWD4.45 (equivalent to approximately $1.15) per TDR. On 22 November 2017, the Voluntary Delisting Application was approved by the Taiwan Stock Exchange and became effective on 13 December 2017. On 31 January 2018, the Company repurchased a total of 49,207,566 TDRs at an aggregate repurchase price of TWD218,974,000 (equivalent to approximately $58,859,000) which includes related expenses of $308,000. All these repurchased shares were cancelled on 27 March 2018 thereafter. Accordingly, the issued share capital of the Company was reduced by the nominal value of these shares. Pursuant to section 37(4) of the Companies Law of the Cayman Islands, an amount equivalent to the par value of the shares cancelled of $9,842,000 was transferred from retained earnings to capital redemption reserve. The premium paid on the repurchase of the shares of $49,017,000 was charged to the share premium account.

30 CAPITAL, RESERVES AND DIVIDENDS (continued)

(c) Reserves

Nature and purpose of reserves:

(i) Share premium

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

(ii) Capital redemption reserve

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

(iii) Capital reserve

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

(iv) Merger reserve

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

(v) Exchange reserve

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

(vi) Surplus reserve

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

30 CAPITAL, RESERVES AND DIVIDENDS (continued)

(c) Reserves (continued)

(vii) Fair value reserve (recycling)

Prior to 1 April 2018, this reserve included the cumulative net change in the fair value of available-for-sale financial assets held at the end of the reporting period in accordance with HKAS 39. This amount has been reclassified to retained earnings upon the initial adoption of HKFRS 9 at 1 April 2018 (note 2(c)(i)).

(viii) Other reserves

The followings are charged/credited to other reserves:

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

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

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

(d) Dividends and distributability of reserves

Following the completion of the disposal of GCBC (note 8), at the meeting of the board of directors of the Company held on 13 February 2018, the board of directors resolved the payment of a special dividend of $0.3 per Share in cash. The special dividend of $875,080,000 was fully paid on 26 March 2018. Further details of the special dividend are set out in the Company's announcement dated 13 February 2018.

The board of directors of the Company did not recommend the payment of a final dividend for the years ended 31 March 2019 and 2018.

At 31 March 2019, the aggregate amount of reserves available for distribution to equity shareholders of the Company was $2,499,288,000 (2018: $2,502,560,000).

30 CAPITAL, RESERVES AND DIVIDENDS (continued)

(e) Capital management

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

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

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

During the year ended 31 March 2019, the Group's strategy, which was unchanged from 2018, was to maintain a stable debt-to-capital ratio. In order to maintain or adjust the ratio, the Group may adjust the amount of dividends paid to shareholders, issue new shares, return capital to shareholders, raise new debt financing or sell assets to reduce debt.

The debt-to-capital ratios at 31 March 2019 and 2018 were as follows:

	Note	2019 $'000	2018 $'000
Interest-bearing borrowings	27	**894,889**	1,150,591
Obligations under finance leases	28	**20,536**	23,464
Total debt		**915,425**	1,174,055
Total equity		**4,432,515**	5,553,942
Debt-to-capital ratio		**20.65%**	21.14%

Neither the Company nor any of its subsidiaries are subject to externally imposed capital requirements.

31 FINANCIAL RISK MANAGEMENT AND FAIR VALUES

Exposure to credit, liquidity, interest rate and currency risks arises in the normal course of the Group's business.

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

(a) Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in a financial loss to the Group. The Group's credit risk is primarily attributable to trade and other receivables. The Group's exposure to credit risk arising from cash and cash equivalents is limited because the counterparties are banks and financial institutions for which the Group considers to have low credit risk.

(i) Trade receivables

The Group's exposure to credit risk is influenced mainly by the individual characteristics of each customer rather than the industry or country in which the customers operate and therefore significant concentrations of credit risk primarily arise when the Group has significant exposure to individual customers. At the end of the reporting period, 21% (2018: 28%) and 37% (2018: 62%) of the total trade receivables was due from the Group's largest customer and the five largest customers respectively.

Individual credit evaluations are performed on all customers requiring credit over a certain amount. These evaluations focus on the customer's past history of making payments when due and current ability to pay, and take into account information specific to the customer as well as pertaining to the economic environment in which the customer operates. Trade receivables of the medical devices segment are due within 60 to 180 days from the date of billing. For trade receivables of other operating segments, trade receivables are due on control over a product or service is transformed to the customer or the lessee has the right to use the asset. Debtors with balances that are past due are requested to settle all outstanding balances before any further credit is granted. Normally, the Group does not obtain collateral from customers.

The Group measures loss allowances for trade receivables at an amount equal to lifetime ECLs, which is calculated using a provision matrix. As the Group's historical credit loss experience does not indicate significant different loss patterns for different customer segments, the loss allowance based on past due status is not further distinguished between the Group's different customer bases.

31 FINANCIAL RISK MANAGEMENT AND FAIR VALUES (continued)

(a) Credit risk (continued)

(i) Trade receivables (continued)

The following table provides information about the group's exposure to credit risk and ECLs for trade receivables as at 31 March 2019:

	Weighted average expected loss rate %	Gross carrying amount $'000	Loss allowance $'000
Current (not past due)	0.9	29,567	(262)
Within six months past due	4.1	13,586	(561)
Between seven and twelve months past due	18.1	3,820	(692)
Over one year past due	100.0	1,814	(1,814)
		48,787	(3,329)

Expected loss rates are based on actual loss experience over the past year. These rates are adjusted to reflect differences between economic conditions during the period over which the historic data has been collected, current conditions and the Group's view of economic conditions over the expected lives of the receivables.

(ii) Comparative information under HKAS 39

Prior to 1 April 2018, an impairment loss was recognised only when there was objective evidence of impairment (note 2(k)(i) — (B) Policy applicable prior to 1 April 2018). At 31 March 2018, trade receivables of $1,292,000 was determined to be impaired.

The aging analysis of trade receivables (net of allowance for doubtful debts) that were not considered to be impaired was as follows:

	2018 $'000
Neither past due nor impaired	26,284
Past due (net of allowance for doubtful debts)	
Within six months	2,858
Between seven and twelve months	1,510
Over one year	985
	5,353
	31,637

31 FINANCIAL RISK MANAGEMENT AND FAIR VALUES (continued)

(a) Credit risk (continued)

(ii) Comparative information under HKAS 39 (continued)

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

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

Movements in allowance for doubtful debts during the year are as follows:

	Note	2019 $'000	2018 $'000
At beginning of the year		1,292	2,433
Exchange adjustments		(83)	244
Impairment loss recognised	6(c)	2,120	21
Uncollectible amounts written-off		–	(1,406)
At end of the year		3,329	1,292

Origination of new trade receivables net of those settled and increase in trade receivables that are past due within six months contributed to the increase in the loss allowance during the year ended 31 March 2019.

(iii) Credit risk arising from loan to a subsidiary of GM Javadi

The loan to a subsidiary of GM Javadi with a principal of US$8,229,000 (equivalent to approximately $64,186,000) is fully secured by properties held by the said subsidiary of GM Javadi. The maximum exposure to credit risk in respect of the loan at the end of the reporting period, without taking into account the collateral, and the key terms of the loan are disclosed in note 17. The Group considers that the credit risk arising from the loan is significantly mitigated by the properties held as collateral, with reference to the estimated market value of the properties at 31 March 2019 and 2018.

(b) Liquidity risk

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

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

31 FINANCIAL RISK MANAGEMENT AND FAIR VALUES (continued)

(b) Liquidity risk (continued)

		2019					
	Note	Within 1 year or on demand $'000	More than 1 year but less than 2 years $'000	More than 2 years but less than 5 years $'000	Over 5 years $'000	Total $'000	Carrying amount $'000
Trade and other payables	25	**1,791,992**	**–**	**–**	**–**	**1,791,992**	**1,791,992**
Interest-bearing borrowings	27	**911,563**	**–**	**–**	**–**	**911,563**	**894,889**
Obligations under finance leases	28	**2,924**	**2,924**	**8,772**	**14,620**	**29,240**	**20,536**
		2,706,479	**2,924**	**8,772**	**14,620**	**2,732,795**	**2,707,417**

		2018					
	Note	Within 1 year or on demand $'000	More than 1 year but less than 2 years $'000	More than 2 years but less than 5 years $'000	Over 5 years $'000	Total $'000	Carrying amount $'000
Trade and other payables	25	1,775,036	–	–	–	1,775,036	1,775,036
Interest-bearing borrowings	27	271,284	937,655	–	–	1,208,939	1,150,591
Obligations under finance leases	28	3,322	3,124	9,373	18,745	34,564	23,464
		2,049,642	940,779	9,373	18,745	3,018,539	2,949,091

(c) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Group's interest rate risk arises primarily from cash at banks, bank deposits, amounts due from third parties, associates and joint ventures, interest-bearing borrowings and obligations under finance leases. Instruments bearing interest at variable rates and at fixed rates expose the Group to cash flow interest rate risk and fair value interest rate risk respectively. The Group regularly reviews its strategy on interest rate risk management in the light of the prevailing market conditions. The Group's interest rate profile as monitored by management is set out in (i) below.

31 FINANCIAL RISK MANAGEMENT AND FAIR VALUES (continued)

(c) Interest rate risk (continued)

(i) Interest rate profile

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

	2019		2018	
	Effective interest rate %	$'000	Effective interest rate %	$'000
Fixed rate instruments:				
Pledged and time deposits	2.48	672,515	2.31	1,016,496
Amounts due from an associate	9.00	33,585	9.00	7,779
Amounts due from a joint venture	5.00	84,960	—	—
Other receivables	43.40/73.08	371,959	7.73	1,207,177
Obligations under finance leases	8.88	(20,536)	8.87	(23,464)
		1,142,483		2,207,988
Variable rate instruments:				
Cash and cash equivalents	0.33	3,068,456	0.34	2,795,654
Amounts due from a joint venture	5.14	89,926	4.69	76,666
Interest-bearing borrowings	4.62	(894,889)	3.98	(1,150,591)
		2,263,493		1,721,729
		3,405,976		3,929,717

31 FINANCIAL RISK MANAGEMENT AND FAIR VALUES (continued)

(c) Interest rate risk (continued)

(ii) Sensitivity analysis

As at 31 March 2019, it is estimated that a general increase/decrease of 100 basis points in interest rates, with all other variables held constant, would have increased/decreased the Group's loss after tax by approximately $14,297,000/$14,297,000, and decreased/increased retained earnings by approximately $14,222,000/$14,222,000 and decreased/increased non-controlling interests approximately by $75,000/$75,000 respectively (2018: increased/decreased the Group's profit after tax by approximately $10,317,000/$10,317,000, and increased/decreased retained earnings by approximately $10,232,000/$10,232,000 and increased/decreased non-controlling interests approximately by $85,000/$85,000 respectively).

The sensitivity analysis above indicates the instantaneous change in the Group's loss after tax (and retained earnings) and other components of consolidated equity that would arise assuming that the change in interest rates had occurred at the end of the reporting period and had been applied to re-measure those financial instruments held by the Group which expose the Group to fair value interest rate risk at the end of the reporting period. In respect of the exposure to cash flow interest rate risk arising from floating rate non-derivative instruments held by the Group at the end of the reporting period, the impact on the Group's loss after tax (and retained earnings) and other components of consolidated equity is estimated as an annualised impact on interest expense or income of such a change in interest rates. The analysis has been performed on the same basis for 2018.

(d) Currency risk

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

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

31 FINANCIAL RISK MANAGEMENT AND FAIR VALUES (continued)

(d) Currency risk (continued)

(i) Exposure to currency risk

The following table details the Group's exposure at the end of the reporting period to currency risk arising from recognised assets or liabilities denominated in a currency other than the functional currency of the entities to which they relate. For presentation purpose, the amounts of currency risk exposure are shown in HK$, which were translated using the spot rate at the end of the reporting period. Differences resulting from the translation of the financial statements of the entities into the Group's presentation currency are excluded.

Exposure to foreign currencies (expressed in Hong Kong dollars)

	2019			
	US$ $'000	RMB $'000	SGD $'000	JPY $'000
Cash at banks	109,352	1,226	–	–
Amounts due from an associate	–	–	35,329	–
Amounts due from joint ventures	93,554	–	–	87,092
Other financial assets	38,921	–	–	–
Other receivables	371,959	–	–	–
Other payables	(429,000)	–	–	–
Interest-bearing borrowings	(546,000)	(350,877)	–	–
Overall net exposure	**(361,214)**	**(349,651)**	**35,329**	**87,092**

	2018			
	US$ $'000	RMB $'000	SGD $'000	AUD $'000
Cash at banks	15,030	1,949	–	–
Amounts due from an associate	–	–	7,963	–
Amounts due from a joint venture	78,450	–	–	–
Available-for-sale securities	16,923	–	–	2,865
Other receivables	1,207,177	–	–	–
Other payables	(429,000)	–	–	–
Interest-bearing borrowings	(546,000)	(374,906)	–	–
Overall net exposure	342,580	(372,957)	7,963	2,865

31 FINANCIAL RISK MANAGEMENT AND FAIR VALUES (continued)

(d) Currency risk (continued)

(ii) Sensitivity analysis

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

	2019			2018		
	Increase/ (decrease) in foreign exchange rates	**Effect on loss after tax and retained earnings $'000**	**Effect on other components of equity $'000**	Increase/ (decrease) in foreign exchange rates	Effect on profit after tax and retained earnings $'000	Effect on other components of equity S'000
RMB	**5%**	**17,483**	**–**	5%	(18,648)	–
	(5%)	**(17,483)**	**–**	(5%)	18,648	–
SGD	**5%**	**(1,766)**	**–**	5%	398	–
	(5%)	**1,766**	**–**	(5%)	(398)	–
JPY	**5%**	**(4,355)**	**–**	5%	–	–
	(5%)	**4,355**	**–**	(5%)	–	–
AUD	**5%**	**–**	**–**	5%	–	143
	(5%)	**–**	**–**	(5%)	–	(143)

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

The sensitivity analysis assumes that the change in foreign exchange rates had been applied to re-measure those financial instruments held by the Group which expose the Group to currency risk at the end of the reporting period. The analysis excludes differences that would result from the translation of the financial statements of operations outside Hong Kong into the Group's presentation currency. The analysis has been performed on the same basis for 2018.

31 FINANCIAL RISK MANAGEMENT AND FAIR VALUES (continued)

(e) Fair value measurement

(i) Financial assets and liabilities measured at fair value

Fair value hierarchy

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

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

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

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

	Fair value at 31 March 2019	Fair value measurements at 31 March 2019 categorised into		
		Level 1	Level 2	Level 3
	$'000	$'000	$'000	$'000
Assets:				
Other financial assets				
— fund investments	29,560	–	–	29,560
— unlisted equity securities	9,361	–	–	9,361

31 FINANCIAL RISK MANAGEMENT AND FAIR VALUES (continued)

(e) Fair value measurement (continued)

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

Fair value hierarchy (continued)

	Fair value at 1 April 2018 $'000	Fair value measurements at 1 April 2018 categorised into Level 1 $'000	Level 2 $'000	Level 3 $'000
Assets:				
Derivative financial assets				
— warrant issued by an associate	1,598	—	—	1,598
Other financial assets				
— fund investments	41,933	—	—	41,933
— unlisted equity securities	9,361	—	—	9,361
— unlisted debt securities	1,950	—	—	1,950

During the years ended 31 March 2019 and 2018, there was no transfer between instruments in Level 1 and Level 2, or transfers into or out of Level 3. The Group's policy is to recognise transfers between levels of fair value hierarchy as at the end of the reporting period in which they occur.

Information about Level 3 fair value measurements

As at 31 March 2019, the estimates of the fair values of the fund investments and unlisted equity securities were measured with reference to the net recoverable amount and recent transaction price, respectively.

The movements during the year in the balance of these Level 3 fair value measurements are as follows:

	$'000
As at 1 April 2018 under HKFRS 9	**54,842**
Disposals	**(1,950)**
Changes in fair value of financial assets at fair value through profit or loss	**(13,971)**
As at 31 March 2019	**38,921**

31 FINANCIAL RISK MANAGEMENT AND FAIR VALUES (continued)

(e) Fair value measurement (continued)

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

The carrying amounts of the Group's and the Company's financial instruments carried at cost or amortised cost are not materially different from their fair values as at 31 March 2019 and 2018 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 and debt securities of $19,788,000 as at 31 March 2018 do not have a quoted market price in an active market and therefore their fair values cannot be reliably measured. They are recognised at cost less impairment losses at end of the year. Upon the adoption of HKFRS 9 at 1 April 2018, it is categorised into the financial assets measured at FVPL.

32 COMMITMENTS

(a) Capital commitments for the acquisition of property, plant and equipment outstanding at 31 March 2019 and 2018 not provided for in the financial statements were as follows:

	2019	2018
	$'000	$'000
Contracted for	**12,781**	526

(b) As at 31 March 2019 and 2018, the total future minimum lease payments under non-cancellable operating leases were payable as follows:

	2019	2018
	$'000	$'000
Within one year	**21,746**	19,522
After one year but within five years	**37,822**	16,693
	59,568	36,215

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

Lease term of properties of the Group situated on land held under operating leases are disclosed in note 13(d).

33 EMPLOYEE RETIREMENT BENEFITS

The Group operates a Mandatory Provident Fund Scheme ("the MPF scheme") under the Hong Kong Mandatory Provident Fund Schemes Ordinance for employees employed under the jurisdiction of the Hong Kong Employment Ordinance and not previously covered by the defined benefit retirement plan. The MPF scheme is a defined contribution retirement plan administered by independent trustees. Under the MPF scheme, the employer and its employees are each required to make contributions to the plan at 5% of the employees' relevant income, subject to a cap of monthly relevant income of $30,000. Contributions to the plan vest immediately.

As stipulated by the labour regulations of the PRC, the Group also participates in various defined contribution retirement plans organised by municipal and provincial governments for its employees. The Group is required to make contributions to the retirement plans at approximately 20% of the eligible employees' salaries for the year ended 31 March 2019.

As disclosed in note 9, the Company also granted the Retirement Benefits Scheme to the directors of the Company.

The Group has no other significant obligation for the payment of its employees' retirement and other post-retirement benefits other than the contributions described above.

34 MATERIAL RELATED PARTY TRANSACTIONS

(a) Key management personnel remuneration

Key management personnel remuneration represents amounts paid to the Company's directors as disclosed in note 9 and the highest paid employees as disclosed in note 10.

(b) Transactions with related companies

(i) Transactions with directors of the Company

(1) As at 31 March 2019, the Group lent loans to a subsidiary of LFC with an aggregate principal amount of SGD5,800,000 (equivalent to approximately $33,585,000) (2018: SGD1,300,000 (equivalent to approximately $7,779,000)) due in November 2020 at an interest rate of 9% per annum, which is guaranteed by Mr. Kong.

(2) On 12 February 2019, GM Investment (a wholly-owned subsidiary of the Company) and Magnum Opus (a wholly-owned company of Mr. Kam) jointly formed a joint venture, namely SOJV. Each of GM Investment and Magnum Opus subscribed for 500 shares of SOJV at a subscription amount of $500 by cash.

(ii) Financing arrangements with joint ventures and associates

(1) As at 31 March 2019, the Group provided financing to a subsidiary of GM Javadi with an aggregate amount of $89,926,000 (2018: $76,666,000), which included (x) a loan with a principal amount of US$8,229,000 (equivalent to approximately $64,186,000) (2018: US$8,229,000 (equivalent to approximately $64,186,000)) due in January 2022 at the United States prime rate; and (y) advances of US$3,300,000 (equivalent to approximately $25,740,000) (2018: US$1,600,000 (equivalent to approximately $12,480,000)) with no planned settlement schedule.

During the year ended 31 March 2019, interest income from the loan to the subsidiary of GM Javadi was $4,359,000 (2018: $3,013,000).

34 MATERIAL RELATED PARTY TRANSACTIONS (continued)

(b) Transactions with related companies (continued)

(ii) Financing arrangements with joint ventures and associates (continued)

(2) On 6 November 2017, the Group entered into a loan facility agreement with a subsidiary of LFC, pursuant to which, the Group granted to the subsidiary of LFC a revolving credit facility for a period of 3 years at an interest rate of 9% per annum. As at 31 March 2019, the subsidiary of LFC has aggregately drawn-down SGD5,800,000 (equivalent to approximately $33,585,000) (2018: SGD1,300,000 (equivalent to approximately $7,779,000)).

During the year ended 31 March 2019, interest income from the loan to the subsidiary of LFC was $1,820,000 (2018: $261,000).

(3) On 13 August 2018, GM K.K., an indirect wholly-owned subsidiary of the Company, and Magnum Opus entered into a shareholders loan agreement (the "ASA Shareholders Loan Agreement") with ASA, a joint venture of the Company. Pursuant to the ASA Shareholders Loan Agreement, GM K.K. and Magnum Opus conditionally agreed to provide a loan to ASA in an aggregate principal amount of JPY2,400,000,000 (the "ASA Shareholders Loan"), for a period of 5 years at an interest rate of 5% per annum, of which JPY1,200,000,000 to be provided by each of GM K.K. and Magnum Opus in proportion to their equity interests in ASA.

On 29 March 2019, GM Investment and GM K.K. entered into a deed of loan assignment, pursuant to which, GM K.K. agreed to assign all of the benefits and rights in its share of the ASA Shareholders Loan to GM Investment. In addition, SOJV and ASA entered into a sale and purchase agreement, pursuant to which, SOJV agreed to acquire from ASA, and ASA agreed to sell to SOJV the entire equity interest in GM Okinawa Seragaki Godo Kaisha (the then wholly-owned subsidiary of ASA) in consideration of SOJV assuming all the obligations of the ASA Shareholders Loan owed by ASA and procuring a release and discharge by GM Investment and Magnum Opus, respectively, of ASA from the ASA Shareholders Loan.

As at 31 March 2019, carrying amount of the loan to SOJV was JPY1,200,000,000 (equivalent to approximately $84,960,000). During the year ended 31 March 2019, interest income from the loan to ASA was $2,638,000 and that to SOJV was $23,000.

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

Certain related party transactions in respect of note 34(b) above constitute connected transactions as defined in Chapter 14A of the Listing Rules. The disclosures required by Chapter 14A of the Listing Rules are provided in the section "Report of the directors".

The related party transaction in respect of the directors' remuneration constitutes continuing connected transactions as defined in Chapter 14A of the Listing Rules, however they are exempted from the disclosure requirements in Chapter 14A of the Listing Rules.

35 COMPANY-LEVEL STATEMENT OF FINANCIAL POSITION

	2019 $'000	2018 $'000
Non-current assets		
Property, plant and equipment	**286**	314
Interests in subsidiaries	**3,858,415**	4,143,671
Interests in an associate	**17,506**	26,027
Amounts due from joint ventures	**93,590**	78,450
	3,969,797	4,248,462
Current assets		
Derivative financial assets	**–**	1,598
Other receivables	**8,031**	8,177
Cash and cash equivalents	**115,106**	81,367
	123,137	91,142
Current liabilities		
Other payables	**93,850**	81,546
Interest-bearing borrowings	**894,889**	231,807
	988,739	313,353
Net current liabilities	**(865,602)**	(222,211)
Total assets less current liabilities	**3,104,195**	4,026,251
Non-current assets		
Interest-bearing borrowings	**–**	918,784
NET ASSETS	**3,104,195**	3,107,467
CAPITAL AND RESERVES (note 30(a))		
Share capital	**583,386**	583,386
Reserves	**2,520,809**	2,524,081
TOTAL EQUITY	**3,104,195**	3,107,467

36 COMPARATIVE FIGURES

The Group has initially applied HKFRS 9 and HKFRS 15 at 1 April 2018. Under the transition methods chosen, comparative information is not restated. Further details of the changes in accounting policies are disclosed in note 2(c).

37 IMMEDIATE AND ULTIMATE CONTROLLING PARTY

At 31 March 2019, the directors consider the immediate parent and ultimate controlling party of the Group to be Bio Garden Inc., which is incorporated in BVI. This entity does not produce financial statements available for public use.

38 NON-ADJUSTING EVENTS AFTER THE REPORTING PERIOD

(a) Retirement and new appointment of directors

The following changes on the board of directors of the Company came into effect on 24 May 2019:

- Mr. Kam has resigned as the chairman and an executive director;
- Mr. Kong has resigned as an executive director;
- Ms. Zheng Ting has resigned as a non-executive director;
- Prof. Cao Gang and Prof. Gu Qiao have resigned as independent non-executive directors;
- Mr. Feng Wen has been designated as the chairman in replacement of Mr. Kam;
- Mr. Leong Kim Chuan has been appointed as an executive director; and
- Mr. Poon Tsz Hang has been appointed as an independent non-executive director.

(b) Subsequently, in May 2019, the Group entered into agreements with a bank to refinance a bank loan with an outstanding principle amount of US$70,000,000 (equivalent to approximately $546,000,000) originally due in May 2019. The new bank loans with an aggregate principal amount of RMB480,000,000 (equivalent to approximately $561,404,000) are due in May 2022 and secured by the Group's bank deposits.

(Expressed in Hong Kong dollars unless otherwise indicated)

39 POSSIBLE IMPACT OF AMENDMENTS, NEW STANDARDS AND INTERPRETATIONS ISSUED BUT NOT YET EFFECTIVE FOR THE YEAR ENDED 31 MARCH 2019

Up to the date of issue of these financial statements, the HKICPA has issued a number of amendments, new standards and interpretations which are not yet effective for the year ended 31 March 2019 and which have not been adopted in these financial statements. These include the following which may be relevant to the Group.

	Effective for accounting periods beginning on or after
HKFRS 16, *Leases*	1 April 2019
HKFRIC Interpretation 23, *Uncertainty over income tax treatments*	1 April 2019
Annual Improvements to HKFRSs 2015–2017 Cycle	1 April 2019
Amendments to HKAS 28, *Long-term interest in associates and joint ventures*	1 April 2019

The Group is in the process of making an assessment of what the impact of these amendments, new standards and interpretations is expected to be in the period of initial application. So far the Group has identified some aspects of the new standards which may have a significant impact on the consolidated financial statements. Further details of the expected impacts are discussed below. As the assessment completed to date is based on the information currently available to the Group, the actual impacts upon the initial adoption of the standards may differ, and further impacts may be identified before the standards are initially applied in the Group's financial report. The Group may also change its accounting policy elections, including the transition options, until the standards are initially applied in that financial report.

39 POSSIBLE IMPACT OF AMENDMENTS, NEW STANDARDS AND INTERPRETATIONS ISSUED BUT NOT YET EFFECTIVE FOR THE YEAR ENDED 31 MARCH 2019 (continued)

HKFRS 16, *Leases*

As disclosed in note 2(j), currently the Group classifies leases into finance leases and operating leases and accounts for the lease arrangements differently, depending on the classification of lease. The Group enters into some leases as the lessor and others as the lessee.

HKFRS 16 is not expected to impact significantly on the way that lessors account for their rights and obligations under a lease. However, once HKFRS 16 is adopted, lessees will no longer distinguish between finance leases and operating leases. Instead, subject to practical expedients, lessees will account for all leases in a similar way to current finance lease accounting, i.e. at the commencement date of the lease the lessee will recognise and measure a lease liability at the present value of the minimum future lease payments and will recognise a corresponding "right-of-use" asset. After initial recognition of this asset and liability, the lessee will recognise interest expense accrued on the outstanding balance of the lease liability, and the depreciation of the right-of-use asset, instead of the current policy of recognising rental expenses incurred under operating leases on a systematic basis over the lease term. As a practical expedient, the lessee can elect not to apply this accounting model to short-term leases (i.e. where the lease term is 12 months or less) and to leases of low-value assets, in which case the rental expenses would continue to be recognised on a systematic basis over the lease term.

HKFRS 16 will primarily affect the Group's accounting as a lessee of leases for properties, plant and equipment which are currently classified as operating leases. The application of the new accounting model is expected to lead to an increase in both assets and liabilities and to impact on the timing of the expense recognition in the statement of profit or loss over the period of the lease.

HKFRS 16 is effective for annual periods beginning on or after 1 April 2019. As allowed by HKFRS 16, the Group plans to use the practical expedient to grandfather the previous assessment of which existing arrangements are, or contain, leases. The Group will therefore apply the new definition of a lease in HKFRS 16 only to contracts that are entered into on or after the date of initial application. In addition, the Group plans to elect the practical expedient for not applying the new accounting model to short-term leases and leases of low-value assets.

The Group plans to elect to use the modified retrospective approach for the adoption of HKFRS 16 and will recognise the cumulative effect of initial application as an adjustment to the opening balance of equity at 1 April 2019 and will not restate the comparative information. As disclosed in note 32(b), at 31 March 2019 the Group's future minimum lease payments under non-cancellable operating leases amount to $59,568,000 for properties and other assets, the majority of which is payable between 1 and 5 years after the reporting date. Upon the initial adoption of HKFRS 16, the opening balances of lease liabilities and the corresponding right-of-use assets will be adjusted to $52,622,000 and $53,654,000, respectively, after taking account the effects of discounting as at 1 April 2019.

Other than the recognition of lease liabilities and right-of-use assets, the Group expects that the transition adjustments to be made upon the initial adoption of HKFRS 16 will not be material. However, the expected changes in accounting policies as described above could have a material impact on the Group's financial statements from 1 April 2019.

FIVE-YEAR FINANCIAL SUMMARY

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

RESULTS

	Year ended 31 March 2015 HK$'000	Year ended 31 March 2016 HK$'000	Year ended 31 March 2017 HK$'000	Year ended 31 March 2018 HK$'000	**Year ended 31 March 2019 HK$'000**
Revenue	269,582	281,558	230,666	250,719	**315,668**
Loss from operations	(34,862)	(265,240)	(312,168)	(298,074)	**(549,863)**
Finance costs	(66,284)	(144,467)	(572,119)	(377,055)	**(74,271)**
Changes in fair value of financial instruments at fair value through profit or loss	8,551	(17,250)	(13,633)	(47,485)	**(13,971)**
Share of losses in associates and joint ventures	–	–	(1,531)	(13,873)	**(23,669)**
(Impairment loss)/reversal of impairment loss on investment in Fortress Group Limited	(759,934)	–	734,525	–	**–**
Impairment loss on goodwill	–	–	(294,995)	–	**–**
Loss before taxation	(852,529)	(426,957)	(459,921)	(736,487)	**(661,774)**
Income tax expense	(18,442)	(4,327)	(2,672)	(8,519)	**(41,101)**
Loss for the year from continuing operations	(870,971)	(431,284)	(462,593)	(745,006)	**(702,875)**
(loss)/Profit for the year from discontinued operation	(10,466)	(357,268)	291,399	4,108,092	**–**
Attributable to:					
Equity shareholders of the company					
– continuing operations	(863,747)	(405,561)	(436,770)	(707,605)	**(675,444)**
– discontinued operation	57,887	(280,951)	289,649	4,106,754	**–**
	(805,860)	(686,512)	(147,121)	3,399,149	**(675,444)**
Non-controlling interests					
– continuing operations	(7,224)	(25,723)	(25,823)	(37,401)	**(27,431)**
– discontinued operation	(68,353)	(76,317)	1,750	1,338	**–**
	(75,577)	(102,040)	(24,073)	(36,063)	**(27,431)**
(Loss)/profit for the year	(881,437)	(788,552)	(171,194)	3,363,086	**(702,875)**

FIVE-YEAR FINANCIAL SUMMARY

ASSETS AND LIABILITIES

	As at 31 March				
	2015	2016	2017	2018	**2019**
	HK$'000	HK$'000	HK$'000	HK$'000	**HK$'000**
Property, plant and equipment	3,774,974	2,891,516	2,688,760	2,785,146	**2,591,396**
Intangible assets	161,876	–	–	–	**–**
Goodwill	582,365	491,410	168,318	182,291	**173,119**
Interests in associates	–	–	32,311	40,941	**49,230**
Interests in joint ventures	–	–	68,850	104,992	**199,498**
Available-for-sale securities	483,139	96,189	78,271	19,788	**–**
Other financial assets	–	–	–	–	**38,921**
Inventories	73,074	–	–	–	**–**
Trade and other receivables	508,673	–	1,186,363	784,911	**371,959**
Deferred tax assets	18,261	13,967	13,418	15,028	**12,978**
	5,602,362	3,493,082	4,236,291	3,933,097	**3,437,101**
Current assets	4,552,024	1,113,697	1,005,944	4,785,370	**3,923,246**
Assets of disposal group classified as held for sale	–	5,686,204	5,986,102	–	**–**
Total assets	10,154,386	10,292,983	11,228,337	8,718,467	**7,360,347**
Current liabilities	(1,051,296)	(3,118,639)	(4,036,836)	(2,076,739)	**(2,774,335)**
Liabilities of disposal group classified as held for sale	–	(2,377,303)	(2,574,384)	–	**–**
Total assets less current liabilities	9,103,090	4,797,041	4,617,117	6,641,728	**4,586,012**
Non-current liabilities	(4,466,839)	(328,555)	(586,290)	(1,087,786)	**(153,497)**
Net assets	4,636,251	4,468,486	4,030,827	5,553,942	**4,432,515**
Attributable to:					
Equity shareholders of the Company	3,589,275	3,672,800	3,323,940	5,475,562	**4,381,497**
Non-controlling interests	1,046,976	795,686	706,887	78,380	**51,018**
TOTAL EQUITY	4,636,251	4,468,486	4,030,827	5,553,942	**4,432,515**

CORPORATE INFORMATION

EXECUTIVE DIRECTORS

Mr. FENG Wen *(Chairman)* (re-designated as Executive Director on 26 April 2018 and appointed as chairman on 24 May 2019)
Mr. LEONG Kim Chuan (appointed as Executive Director on 24 May 2019)
Mr. KAM Yuen (resigned as Chairman and Executive Director on 24 May 2019)
Mr. KONG Kam Yu (resigned as Executive Director on 24 May 2019)

NON-EXECUTIVE DIRECTOR

Ms. ZHENG Ting (resigned as Non-Executive Director on 24 May 2019)

INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. GAO Yue (re-designated as an Independent Non-Executive Director on 26 April 2018)
Mr. POON Tsz Hang (appointed as an Independent Non-Executive Director on 24 May 2019)
Mr. Daniel FOA
Prof. CAO Gang (resigned as an Independent Non-Executive Director on 24 May 2019)
Prof. GU Qiao (resigned as an Independent Non-Executive Director on 24 May 2019)

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

QUALIFIED ACCOUNTANT

Mr. LEONG Kim Chuan, *ACCA* (appointed as qualified accountant on 24 May 2019)
Mr. KONG Kam Yu, *ACA, AHKSA* (resigned as qualified accountant on 24 May 2019)

COMPANY SECRETARY

Ms. LAM Cheuk Man, *ACIS, ACS* (appointed as company secretary on 24 May 2019)
Mr. KONG Kam Yu, *ACA, AHKSA* (resigned as company secretary on 24 May 2019)

COMPLIANCE OFFICER

Mr. LEONG Kim Chuan (appointed as Compliance Officer on 24 May 2019)
Mr. KAM Yuen (resigned as Compliance Officer on 24 May 2019)

AUDIT COMMITTEE MEMBERS

Mr. POON Tsz Hang *(Chairman)* (appointed as chairman and member of audit committee on 24 May 2019)
Mr. GAO Yue
Mr. Daniel FOA (appointed as member of audit committee on 24 May 2019)
Prof. CAO Gang (resigned as chairman and member of audit committee on 24 May 2019)
Prof. GU Qiao (resigned as member of audit committee on 24 May 2019)

CORPORATE INFORMATION

REMUNERATION COMMITTEE MEMBERS

Mr. Daniel FOA *(Chairman)* (appointed as chairman and member of remuneration committee on 24 May 2019)
Mr. GAO Yue (resigned as chairman of remuneration committee on 24 May 2019)
Mr. POON Tsz Hang (appointed as member of remuneration committee on 24 May 2019)
Prof. CAO Gang (resigned as member of remuneration committee on 24 May 2019)
Prof. GU Qiao (resigned as member of remuneration committee on 24 May 2019)

NOMINATION COMMITTEE MEMBERS

Mr. GAO Yue *(Chairman)*
Mr. POON Tsz Hang (appointed as member of nomination committee on 24 May 2019)
Mr. Daniel FOA (appointed as member of nomination committee on 24 May 2019)
Prof. CAO Gang (resigned as member of nomination committee on 24 May 2019)
Prof. GU Qiao (resigned as member of nomination committee on 24 May 2019)

AUTHORISED REPRESENTATIVES

Mr. FENG Wen (appointed as authorised representative on 24 May 2019)
Mr. LEONG Kim Chuan (appointed as authorised representative on 24 May 2019)
Mr. KAM Yuen (resigned as authorised representative on 24 May 2019)
Ms. ZHENG Ting (resigned as authorised representative on 24 May 2019)

LEGAL ADVISERS TO THE COMPANY

as to Hong Kong law
Minter Ellison Lawyers

AUDITORS

KPMG

COMPLIANCE ADVISER

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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 — Shanghai Baogang Baoshan Branch
Shanghai Huarui Bank
Sumitomo Mitsui Banking Corporation

INVESTOR RELATIONS

Ms. Joanna Rui, Investor Relations Manager
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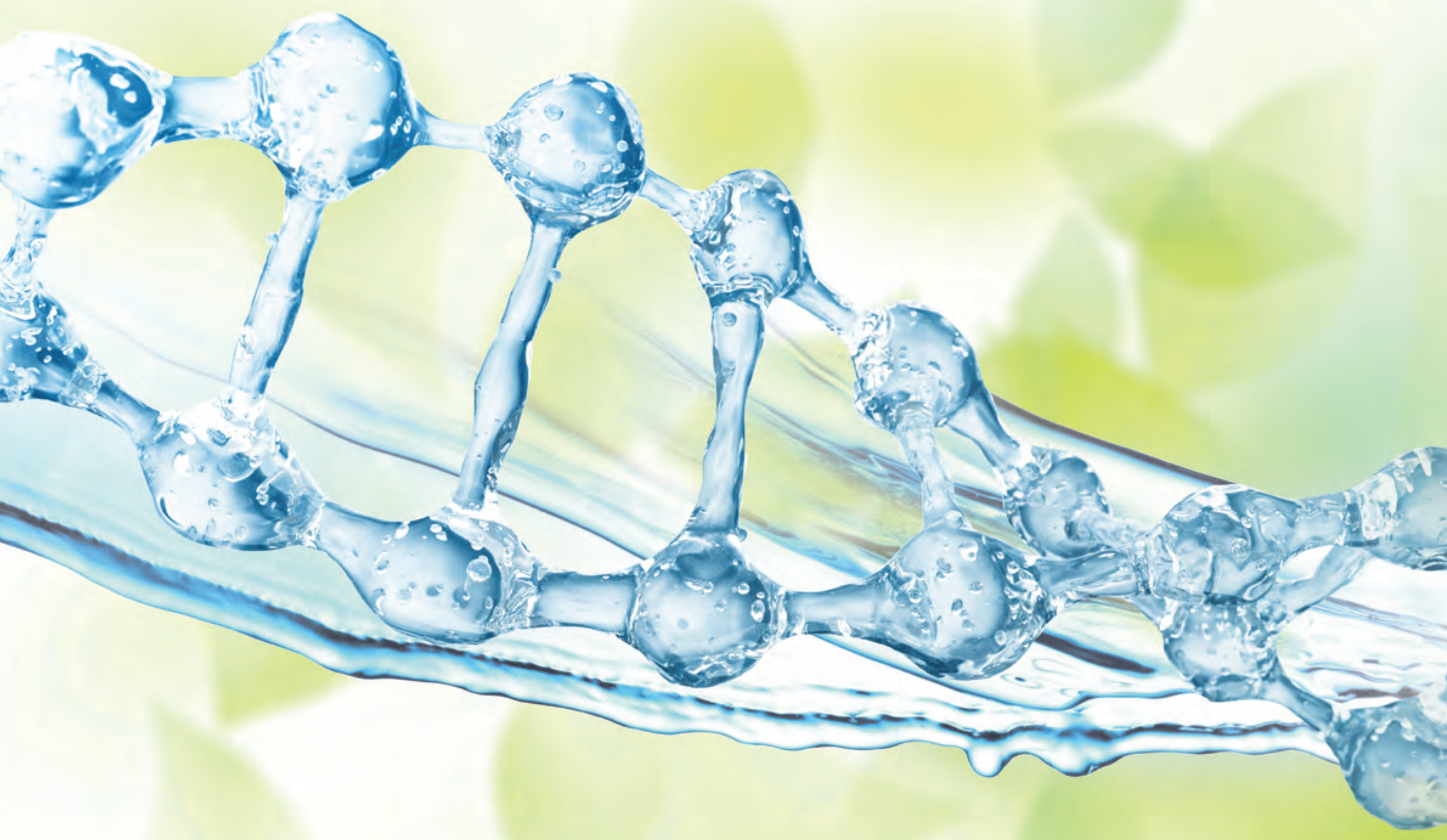

GOLDEN MEDITECH HOLDINGS LIMITED
金衛醫療集團有限公司