



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

Golden Meditech Announces 2014 / 2015 Interim Results

*Expect Healthcare Reforms to Drive Long-term Development of Core Businesses for
Achieving Remarkable Operational Performance*

HK\$'000	Six months ended		Change %
	30 September 2014	30 September 2013	
Turnover	546,011	534,641	2.1
<i>Cord Blood Storage Service Income</i>	384,242	339,113	13.3
<i>Hospital Management Service Income</i>	61,878	41,377	49.5
<i>Medical Insurance Administration Service Income</i>	2,394	2,249	6.4
<i>Medical Devices and Accessories Sales</i>	94,580	142,683	(33.7)
<i>Chinese Herbal Medicines Sales</i>	2,917	9,219	(68.4)
Impairment Loss on Fixed Assets	(6,358)	-	N/A
Changes in Fair Value of Financial Assets and Liabilities	(159,307)	(260,061)	38.7
Loss After Tax	(105,285)	(178,227)	40.9
Adjusted Profit After Tax*	60,380	81,834	(26.2)
Profit / (Loss) Attributable to Equity Shareholders	1,433	(14,095)	110.2
Adjusted Profit Attributable to Equity Shareholders*	3,107	26,226	(88.2)
Earnings / (Loss) Per Share (Basic)	HK0.08 cents	HK(1.24) cents	106.5
Adjusted Earnings Per Share (Basic) #	HK0.18 cents	HK2.31 cents	(92.2)

* Excluding loss due to fair value changes of financial assets and liabilities, and impairment loss on fixed assets

Based on Adjusted Profit Attributable to Equity Shareholders of the Company

(Hong Kong, 28 November, 2014) - **Golden Meditech Holdings Limited** (the "Company" or "Golden Meditech," together with its subsidiaries collectively as the "Group", 801.HK; 910801.TW), a leading integrated healthcare enterprise in China, is pleased to announce the Group's interim results for the six months ended 30 September 2014.

During the reporting period, the performance of Golden Meditech's core businesses was in line with management's expectations. The Group's total revenue increased by 2.1% to HK\$546,011,000 as compared to HK\$534,641,000 for the previous reporting period. Profit attributable to equity shareholders of the Company and basic earnings per share were HK\$1,433,000 and HK0.08 cents respectively as compared to a loss of HK\$14,095,000 and a basic loss per share of HK1.24 cents for the previous reporting period. Excluding non-cash fair value loss of financial assets and financial liabilities, and impairment loss on certain fixed assets, the adjusted profit attributable to equity shareholders of the Company was HK\$3,107,000 and HK\$26,226,000 for the current and previous reporting periods, respectively. The decrease in adjusted profit attributable to equity shareholders of the Company was attributable to the start-up costs of the trial running Beijing Qinghe Hospital ("Qinghe Hospital") and lesser contributions from the medical devices segment.

Mr. Kam Yuen, Chairman and Chief Executive Officer of the Group, said, "With a view to reaping economic gains to build a better healthcare system, the mainland China's government has significantly increased its spending on healthcare and stepped up pace of its healthcare reforms. The favourable initiatives such as encouraging private capital to enter into hospital sector, extending national medical insurance coverage to the whole nation and so forth are set to boost healthy competition and deliver growth momentum to the healthcare industry. Being a visionary with comprehensive market intelligence

and seasoned operating experience, Golden Meditech has long ago recognised the growth opportunities in healthcare services sector and explored all options to proactively seize opportunities arise from the healthcare reforms. Through strategically optimising its business transformation, the Company devoted ample resources to foster the development of cord blood storage business and hospital management business. With China Cord Blood Corporation's ("CCBC") new cord blood storage facilities in Guangdong and Zhejiang opening at a steady pace, CCBC's penetration in both markets is expected to increase, further expanding its overall leadership position in China's cord blood storage industry. "

HEALTHCARE SERVICES SEGMENT

During the reporting period, revenue from the healthcare services segment increased by 17.2% to HK\$448,514,000. Revenue generated from cord blood storage business, hospital management service business and medical insurance administration business were HK\$384,242,000, HK\$61,878,000 and HK\$2,394,000 respectively.

CCBC has successfully deepened its penetration in the mid-to-high end market and recruited 407,755 accumulated subscribers with 31,132 new subscribers signed up during the reporting period. It continued to achieve steady growth in terms of revenue and profit and generated robust cash-flow as majority of new subscribers selected the one-time upfront payment option. However, as a result of the fair value changes of the convertible notes issued, CCBC reported net loss under Hong Kong Financial Reporting Standards for the reporting period.

Given the combined scale of Guangdong and Zhejiang markets is significantly larger than the Beijing market, CCBC is committed to gradually scaling up its operation through the new facilities in Guangdong and Zhejiang. The new facilities are largely completed and opening at a steady pace, serving as a catalyst for future growth while enabling CCBC to timely seize the opportunities ahead.

Being a pioneer in the mainland China's hospital management industry, Golden Meditech has expanded its reach in hospital management sector through the Qinghe Hospital. Located at Haidian District in Beijing with a total floor area of approximately 75,000m², offering 600 beds of which 48 beds are haematology wards, the Qinghe Hospital specialised not only in haematology but also provides a broad range of medical disciplines. Although Qinghe Hospital is at the early stage of development and reported a loss as the depreciation costs of the facilities were included during the reporting period, the management believes the economic interests of Qinghe Hospital will be improved when it is fully operational. The Company further increased its shareholdings in Qinghe Hospital to 82.73% and announced in November 2014 that it has fully consolidated its shareholding in GM Hospital Group Limited. With the demand for high-end healthcare services set to grow with the deepening of mainland China's healthcare reforms, the Company is dedicated to further boosting its competitiveness and striving to grasp hold of the industry that is ripe with opportunities, reinforcing its leading position in the sector.

Serving as a missing link by providing claim process and bill settlement services to medical insurance companies, hospitals and policy holders, the medical insurance administration business is devoted to enhancing its claim administration system, explore any market opportunities and let the end-users to gain better understanding of its business models. With relentless efforts, the medical insurance administration business has been acknowledged and accredited by the market, and is now seeking collaborations with insurance companies and local governments. Nevertheless, the medical insurance administration business remains at the early stage of development, the management believes the extension of national medical insurance coverage and deepening of healthcare reforms will unveil vast opportunities for this business to grow substantially.

MEDICAL DEVICES SEGMENT

During the reporting period, revenue from the medical devices segment amounted to HK\$94,580,000, representing a decrease of 33.7% as compared to the previous corresponding period, accounting for 17.3% of the Group's total revenue.

Driven by the mainland China's healthcare reforms, the standard of healthcare industry has been continuously improved, creating higher demand for prime quality medical devices. Meanwhile, sales of the consumables of Autologous Blood Recovery System ("ABRS") has grown steadily with the mainland China's government promoting healthcare policies related to the clinical use of blood. However, due to rising competitions, the management proactively adopted new marketing strategy and adjusted ABRS' selling price to maintain market share and fortify competitive advantages, which resulted in lower revenue from the sales of ABRS whereas revenue from the sales of medical devices consumables continued to record growth during the recording period. Golden Meditech endeavours to sustain its competitive advantage in terms of product quality as well as pricing strategy by developing and manufacturing its blood related medical devices in mainland China. The Company is also capitalising on its existing business network to introduce prime quality foreign medical devices to mainland China, enabling it to timely seize any opportunities arise from the healthcare reforms.

STRATEGIC INVESTMENTS

During the reporting period, the Company successfully disposed its entire shareholdings in Fortress Group Limited. Furthermore, the Company is exploring all favourable development options to unlock the commercial value of the Shanghai production facility of the Chinese herbal medicine business.

OUTLOOK AND STRATEGIES

Looking ahead, Mr. Kam commented, "Golden Meditech is confident in the prospects of its core businesses and will unremittingly strive to strengthen its leading position amid the deepening of mainland China's healthcare reforms. Being strategically positioned in the unique and lucrative sector in the mainland China's healthcare market, the Company will spare no effort in cultivating its healthcare services and medical devices businesses, and sustain its capabilities by excelling in quality, research and development, operational efficiency and management capacities. At the same time, it will continue to develop synergies among the core businesses and create a competitive edge at its advantage, with a view to allowing the market to fully acknowledge and appreciate the intrinsic value of Golden Meditech."

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About Golden Meditech Holdings Limited

Golden Meditech Holdings Limited (www.goldenmeditech.com) is China's leading integrated-healthcare enterprise. Golden Meditech is a first-mover in China, having established dominant positions in medical devices, and cord blood storage and hospital management businesses of the healthcare services markets, thanks to its strengths in innovation and market expertise and the ability to capture emerging market opportunities. Going forward, the Group will continue to pursue a leading position in China's healthcare industry both through organic growth and strategic expansion.

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SEGMENT RESULTS

Information regarding the Group's reportable segments for the periods ended 30 September 2014 and 2013 is set out below:

\$'000	Medical Devices		Cord Blood Storage		Hospital Management		Medical Insurance Administration		Chinese Herbal Medicine		Total	
	2014	2013	2014	2013	2014	2013	2014	2013	2014	2013	2014	2013
Revenue from External Customers	94,580	142,683	384,242	339,113	61,878	41,377	2,394	2,249	2,917	9,219	546,011	534,641
Inter-segment Revenue	244	—	—	—	—	—	—	—	—	—	244	—
Reportable Segment Revenue	94,824	142,683	384,242	339,113	61,878	41,377	2,394	2,249	2,917	9,219	546,255	534,641
Segment Profit / (Loss)	31,963	78,374	164,113	150,342	(43,644)	(18,849)	(17,806)	(16,460)	(14,512)	(23,042)	120,114	170,365