



【For Immediate Release】

GOLDEN MEDITECH ANNOUNCES FY2016/2017 INTERIM RESULTS

*Proactively Adjusts Marketing Strategy to Cope with the Fluctuation in Medical Devices Business
Development of Healthcare Services Business On-track, Sunbow O&G Hospital to Contribute New Momentum*

<i>Continuing Operations</i>	For the Six Months Ended 30 September		Change (%)
	2016 (HK\$'000)	2015 (HK\$'000)	
Revenue	121,672	150,527	(19.2)
Healthcare services segment revenue	31,885	31,129	2.4
<i>Hospital management services income</i>	29,901	28,349	5.5
<i>Medical insurance administration services income</i>	1,984	2,780	(28.6)
Medical devices segment revenue	87,615	116,576	(24.8)
Strategic investments revenue	2,172	2,822	(23.0)
Gross profit	61,784	66,599	(7.2)
Loss before interest, tax, depreciation and amortisation, fair value changes in financial assets and financial liabilities	(113,082)	(74,132)	52.5
Loss attributable to the Company's equity shareholders	(317,154)	(138,275)	129.4
Adjusted loss attributable to the Company's equity shareholders*	(166,752)	(138,275)	20.6
Basic loss per share (in HK cents)	(10.69)	(7.36)	45.2
Adjusted basic loss per share* (in HK cents)	(5.62)	(7.36)	(23.6)

* Excluding interests incurred on promissory notes.

Hong Kong, 23 November 2016 – Golden Meditech Holdings Limited (SEHK stock code: 00801, TWSE stock code: 910801) ("Golden Meditech" or the "Company", together with its subsidiaries, the "Group"), a leading integrated healthcare enterprise in China, announces today its interim results for the period ended 30 September 2016 (the "Reporting Period").

During the Reporting Period, the results from continuing operations were in line with the management's expectations. The Group's total revenue from continuing operations was HK\$121,672,000, decreased by 19.2% year-on-year. Of which, revenue from the healthcare services segment and the medical devices segment accounted for 26.2% and 72.0% of the Group's total revenue from continuing operations, respectively. The decline in total revenue from continuing operations was mainly attributable to the 24.8% year-on-year decrease in medical devices revenue. Loss attributable to equity shareholders of the Company from continuing operations increased by 129.4% year-on-year to HK\$317,154,000. Such increase was mainly attributable to the interests incurred on the issuance of US\$250,000,000 (approximately HK\$1,940,000,000) promissory notes in December 2015; the Company used this financing to increase its interests in China Cord Blood Corporation ("CCBC"). Basic loss per share was 10.69 HK cents, increased by 45.2% year-on-year. Excluding the related interests expense, the adjusted loss attributable to equity shareholders of the Company from continuing operations was HK\$166,752,000, representing a year-on-year increase of 20.6% and the adjusted basic loss per share was 5.62 HK cents, a year-on-year decrease of 23.6%.

Mr. Kam Yuen, Chairman and Chief Executive Officer of the Group, said, "Though the global economy slows down, China still maintains a stable economy growth so far in 2016, thanks to the structural adjustments and stable economy growth policies. Driven by aging population and industrial policies, Chinese healthcare services sector has flourished. Its annualised growth rate is expected to surpass the macro-economy growth rate, making the healthcare services sector one of the most attractive sectors. The government introduces favourable measures to promote the development of non-public medical institutions. As a leading integrated healthcare



enterprise in China, the Group pays close attention to the changes in Chinese economy and regulations, aiming to provide premium healthcare services and quality medical devices.”

The Company submitted a non-binding privatisation proposal to the board of directors of CCBC (the “Proposed Privatisation”) in April 2015. During the process of the Proposed Privatisation, the Group was approached by Nanjing Xinjiekou Department Store Co., Ltd. (“Nanjing Xinbai”) in respect of the disposal of its 65.4% equity interest in CCBC. The disposal was approved by the Company’s shareholders on 15 June 2016. In view of the uncertainty in the current regulatory policy regarding significant asset restructuring of listed companies in the PRC, consequently, Nanjing Xinbai decided to withdraw the application for the CSRC’s approval of its acquisition of CCBC shares on 29 August 2016. Nevertheless, Nanjing Xinbai might participate in the future sale and purchase of the CCBC shares in accordance with other relevant regulatory policies. Subsequently, on 1 September 2016, the Company entered into an earnest money agreement with Sanpower Group Limited (“Sanpower”), the substantial shareholder of Nanjing Xinbai. Pursuant to the agreement, Sanpower agreed to deposit an earnest money of RMB300,000,000 (approximately HK\$348,867,000) so as to secure alternative arrangements for the future sale and purchase of the CCBC shares.

Moreover, the Company made a full impairment provision of HK\$759,934,000 (the “Impairment Provision”) against its investment in Fortress Group Limited (“Fortress”, a former associate of the Group) in the 2014/2015 fiscal year. The management is committed to maximising returns for its shareholders. Through several constructive negotiations, the Company entered into settlement agreements with each of PAG Asia I LP and its assignee PAGAC Fortress Holding I Limited and Sanpower. It is expected that the conclusions of the two settlement arrangements will bring approximately US\$120,000,000 (approximately HK\$930,000,000) to the Group, which exceeds the Impairment Provision. Such two settlement agreements are subject to the approval of the Company’s shareholders.

Mr. Kam Yuen continued, “During the Reporting Period, the Group is still undergoing business strategies transformation. Whilst our healthcare services segment delivers business development as expected, our medical devices segment faces challenges. Importantly, the Group is determined to seek investment opportunities in the broad healthcare market. As such, the Company teamed up with The University of Texas at MD Anderson Cancer Center in the U.S.A. and an independent strategic investor to establish Cellenkos Inc., which focuses on umbilical cord blood derived T-regulatory cellular therapies. The Group will actively integrate its existing resources so as to improve its overall competitiveness.”

Continuing Operations

Healthcare Services Segment

During the Reporting Period, healthcare services revenue increased by 2.4% year-on-year to HK\$31,885,000, accounting for 26.2% of total revenue from continuing operations. Revenue generated from hospital management business and medical insurance administration business were HK\$29,901,000 and HK\$1,984,000, accounting for 93.8% and 6.2% of healthcare services revenue respectively.

Hospital Management Business. Beijing Qinghe Hospital (“Qinghe Hospital”) obtained its license in late 2015, and Beijing Sunbow Obstetrics & Gynecology Hospital (“Sunbow O&G Hospital”) was officially opened in October 2016. Over the years, leveraging on its well-known brand and sound reputation, Shanghai East International Medical Center (“SEIMC”) had achieved a steady development and provided premium healthcare services to the affluent people in Shanghai and the surrounding neighbourhoods. During the Reporting Period, SEIMC made revenue growth contribution to the hospital management business. The management believes the revenue, profit and cash flow of Qinghe Hospital will improve progressively once it is fully operational.



Medical Insurance Administration Business. The Group's self-developed claim administration system continues to gain recognition and accreditation by the market and end users. This has helped the Group in building a sound reputation in the insurance sector while expanding its sales channels. The management expects that the Group will explore more collaboration opportunities with insurance companies while its self-developed claim administration system obtained broader recognition. As a result, the Group will enhance its operational efficiency as well as its profitability.

Medical Devices Segment

Medical devices revenue decreased by 24.8% year-on-year to HK\$87,615,000, accounting for 72.0% of total revenue from continuing operations. The decrease was mainly attributable to the increasing competition in the medical devices market. The Group proactively adjusted its marketing strategy and lowered its Autologous Blood Recovery System selling price in order to cushion the decrease in the sales of medical device consumables. The management expects that the decline in the medical devices revenue will gradually improve as the Group adjusts its marketing strategy to cope with the intensifying market competition.

Strategic Investments

The Chinese herbal medicines business recorded an operating loss of HK\$11,620,000 during the Reporting Period. The Group received a potential land resumption request from the local government in Qingpu District of Shanghai in April 2016. The Group is negotiating with the relevant regulatory department regarding the land valuation and expects to improve its cash position if the land resumption is successful.

Cord Blood Storage Business – Discontinuing Operation

During the Reporting Period, revenue from the discontinuing operation decreased slightly by 0.5% year-on-year to HK\$419,785,000, which was largely attributable to the depreciation of Renminbi. Excluding the impact of the depreciation of Renminbi, the revenue in fact increased by 6.0% year-on-year. Profit from discontinuing operation amounted to HK\$135,481,000. No depreciation and amortisation were charged on the assets of the discontinuing operation subsequent to the reclassifications as “assets of disposal group classified as held for sale” on 31 March 2016. Excluding depreciation & amortisation and fair value changes of financial liabilities, the adjusted profit from discontinuing operation during the corresponding period last year was HK\$135,608,000, which represents insignificant fluctuation when compared to the Reporting Period.

	For the Six Months Ended 30 September	
	2016 (HK\$'000)	2015 (HK\$'000)
Revenue	419,785	421,979
Gross profit	349,952	329,258
Other income	11,241	24,885
Selling and administrative expenses	(194,731)	(202,511)
Impairment loss on available-for-sale equities securities	-	(10,474)
Profit from operations	166,462	141,158
Finance costs	(1,727)	(1,816)
Changes in fair value of financial liabilities at fair value through profit or loss	-	(333,176)
Profit/(loss) before tax	164,735	(193,834)
Income tax expense	(29,254)	(35,506)
Profit/(loss) from discontinuing operation	135,481	(229,340)

Outlook

Looking ahead, Mr. Kam commented, “As a leading integrated healthcare enterprise in China, we will continue to closely monitor the healthcare reforms, apply synergies from the medical devices business to complement the



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growth of our premium healthcare services business, and unearth the potentials of every business segments. We are committed to improving the operating performance of the Group and create value for shareholders.”

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About Golden Meditech Holdings Limited (SEHK stock code: 00801, TWSE stock code: 910801)

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

For inquiries, please contact:

Investor Relations Department
Golden Meditech Holdings Limited
Tel: (852) 3605 8180
Fax: (852) 3605 8181
Email: ir@goldenmeditech.com



SEGMENT RESULTS

Information regarding the Group's reportable segments for the periods ended 30 September 2016 and 2015 is set out below:

(HK\$'000)	Continuing Operations								Discontinuing Operation		Total	
	Medical Devices		Hospital Management		Medical Insurance Administration		Chinese Herbal Medicines		Cord Blood Storage			
	2016	2015	2016	2015	2016	2015	2016	2015	2016	2015	2016	2015
Revenue from External Customers	69,390	89,645	29,901	28,349	1,984	2,780	2,172	2,822	419,785	421,979	523,232	545,575
Inter-segment Revenue	18,225	26,931	—	—	—	—	—	—	—	—	18,225	26,931
Reportable Segment Revenue	87,615	116,576	29,901	28,349	1,984	2,780	2,172	2,822	419,785	421,979	541,457	572,506
Reportable Segment Profit/(Loss)	24,988	33,023	(62,883)	(69,649)	(19,214)	(17,357)	(11,620)	(12,844)	166,462	141,350	97,733	74,523