



【For Immediate Release】

GOLDEN MEDITECH ANNOUNCES FY2018/2019 INTERIM RESULTS

Focusing on Business Diversification Strategies and Achieved Double-Digit Group Revenue Growth

Newly-established Businesses in Healthcare Services Grew Rapidly and Strategic Investment Projects On-track

	For the Six Months Ended 30 September		Change (%)
	2018 (HK\$'000)	2017 (HK\$'000)	
Revenue	163,913	117,069	40.0
Healthcare services segment revenue	83,599	50,028	67.1
<i>Hospital business income</i>	<i>75,612</i>	<i>47,865</i>	<i>58.0</i>
<i>Medical insurance administration services income</i>	<i>2,663</i>	<i>2,163</i>	<i>23.1</i>
<i>Cells and tissues storage and genetic testing services income</i>	<i>5,324</i>	-	<i>N/M</i>
Medical devices segment revenue	77,760	65,189	19.3
Strategic investments revenue	2,554	1,852	37.9
Gross profit	78,854	50,358	56.6
Impairment loss on other receivables⁽¹⁾	(92,882)	-	N/M
Exchange gain on bank loan borrowed by the Company⁽²⁾	33,026	-	N/M
Loss from operations	(125,833)	(100,156)	25.6
Adjusted loss from operations⁽³⁾	(65,977)	(100,156)	(34.1)
Finance costs	(29,106)	(199,807)	(85.4)
Loss attributable to the Company's equity shareholders	(155,147)	(287,444)	(46.0)
Adjusted loss attributable to the Company's equity shareholders⁽³⁾	(95,291)	(287,444)	(66.8)
Basic loss per share (in HK cents)	(5.32)	(9.69)	(45.1)
Adjusted basic loss per share (in HK cents)⁽³⁾	(3.27)	(9.69)	(66.3)

(3) Excluding (1) and (2).

Hong Kong, 26 November 2018 – Golden Meditech Holdings Limited (SEHK stock code: 00801) (“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 six months ended 30 September 2018 (the “Reporting Period”).

During the Reporting Period, the Group's revenue reached HK\$163,913,000, representing a significant increase of 40.0% year-on-year. The increase was primarily due to the 58.0% year-on-year increase in hospital business revenue. Revenue from the healthcare services segment and the medical devices segment accounted for 51.0% and 47.4% of the Group's revenue, respectively. In addition, the newly-established cells and tissues storage and genetic testing services businesses grew rapidly and contributed maiden revenue to the Group, becoming a new growth area in the healthcare services segment.

The adjusted loss attributable to equity shareholders of the Company was HK\$95,291,000, a substantial decrease of 66.8% year-on-year; the adjusted basic loss per share was 3.27 HK cents, decreased by 66.3% year-on-year. Such improvement was mainly attributable to the improved operating performances and the significant decrease in finance costs.



Mr. Kam Yuen, Chairman and Chief Executive Officer of the Group, said, “With the implementation of the ‘Healthy China’ strategy as well as the in-depth healthcare reforms, the Chinese government continues to invest heavily in the health industry and encourages private capital to provide diversified services, creating the window of opportunities for the Group. Notably, the current uncertain economic outlook in China and across the globe might affect all industries to certain extent. While the Group follows closely to the China’s healthcare policy and seizes market opportunities, it cautiously reviews new investment projects, so as to steadily improve the Group’s business performance.”

Continuing Operations

Healthcare Services Segment

During the Reporting Period, healthcare services revenue increased significantly by 67.1% year-on-year to HK\$83,599,000, accounting for 51.0% of the Group’s revenue. Revenue generated from hospital business, cells and tissues storage and genetic testing services businesses and medical insurance administration business were HK\$75,612,000, HK\$5,324,000 and HK\$2,663,000, accounting for 90.4%, 6.4% and 3.2% of healthcare services revenue, respectively.

Hospital Business. Leveraging on its renowned international hospital brand, Shanghai East International Medical Center (“SEIMC”) provides premium healthcare services in Shanghai and the surrounding neighbourhoods. In order to meet future demands of high-end healthcare services market, SEIMC is actively seeking to expand its business scale. Beijing Sunbow Obstetrics & Gynecology Hospital provides international standard obstetrics, gynecology and pediatric medical services and other ancillary services such as Chinese medicines and postnatal health care center. Beijing Qinghe Hospital leased out several floors of its space and medical equipment to Peking University People’s Hospital (北京大學人民醫院) since June 2017, bringing a stable income stream to the Group.

Cells and Tissues Storage and Genetic Testing Services Businesses. Our newly-established businesses achieved rapid growth, becoming a new growth area in the healthcare services segment. Cells and tissues storage business is engaged in the cells and tissues collection, processing and storage services as well as their clinical applications. Its vision is to promote improvement in human health, such as cancer preventions and treatments, general wellbeing and anti-ageing. Genetic testing services business is engaged in the provision of high-end clinical molecular genetic testing and molecular pathology testing services.

Medical Insurance Administration Business. The Group was the first third-party administrator who assisted the government’s healthcare insurance agencies in carrying out off-site real-time review process and bill settlement. Leveraging on its comprehensive domestic and international background in the healthcare sector as well as its extensive network of medical institutions, the Group is well positioned to become a leading player in the medical insurance administration sector.

Medical Devices Segment

Medical devices revenue increased by 19.3% year-on-year to HK\$77,760,000, accounting for 47.4% of the Group’s revenue. The medical devices segment continued to improve thanks to the increased selling price in medical device consumables as well as the Group’s business focus on distribution of third parties medical equipment and consumables.

Strategic Investments

Precision Medicine Business. Golden Meditech Javadi Precision Medicine Limited (“GM Javadi”), a 40.0% joint venture of the Group, owns a renowned and brand-new day clinic in the United States of America (“U.S.”)



that focuses on the combined treatment of chemotherapy, immunotherapy and targeted therapy for various cancers. It is believed that GM Javadi would bring considerable benefits to the Group in the future.

Cell Therapy Business. Cellenkos Inc. (“Cellenkos”), a 17.4% associate of the Group, aims to develop cord blood derived T-regulatory cellular therapies in treating autoimmune diseases, and owns a stand-alone manufacturing facility in Houston that meets good manufacturing practice (“GMP”) standards. Presently, Cellenkos’ lead product, CK0801, is in phase I clinical trial in the U.S. and has been approved by the U.S. Food and Drug Administration for investigational new drug (“IND”) applications for treatment on diseases such as Guillain-Barré syndrome and bone marrow failure syndrome.

Other Investments.

Life Corporation Limited (“LFC”), a 50.23% associate of the Group, and its wholly-owned subsidiary are currently developing an automated columbarium in Singapore. The construction of the automated columbarium 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.

ASA Asset Management Co., Ltd. (“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. ASA invests in Japanese properties and manages offices, residences, commercial facilities as well as healthcare premises.

Discontinued Operation

The Group completed the disposal of cord blood storage business in January 2018. During the Reporting Period, the Group no longer reports the operating results of cord blood storage business in the consolidated income statement.

Other Developments

In July 2018, the Group terminated the 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)) due to the acquisition conditions not satisfied. The Group has since received the deposit together with the accrued interest.

In November 2016, GM Investment Company Limited (“GM Investment”), a wholly-owned subsidiary of the Company, 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 GM Investment US\$300,000,000 (equivalent to approximately HK\$2,340,000,000) by five instalments within 36 months. However, it was drawn to the management attention that Sanpower was facing credit crunch during the year, but received unanimous support from creditors to resolve its current difficulties. Therefore, for prudence, the management decided to set aside a non-cash provision of HK\$92,882,000⁽¹⁾ against outstanding receivables due from Sanpower. Such provision will not have any adverse impact on the ongoing operations of the Group.

Outlook

Looking ahead, Mr. Kam commented, “The Group will focus on business diversification strategies. Banking on our core healthcare services segment, we will steadily grow hospital business, and vigorously promote cells and tissues storage, genetic testing services, precision medicine as well as cell therapy businesses. Work on



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expanding and developing medical insurance administration business and medical devices segment continues. We will proactively respond to all challenges in uncertain economic environments and at the same time closely follow the China healthcare policies and explore worldwide market opportunities, with a view to creating value for the Group and our shareholders.”

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

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

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 and the hospital 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.

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SEGMENT RESULTS

Information regarding the Group's reportable segments for the periods ended 30 September 2018 and 2017 is set out below:

(HK\$'000)	Medical Devices		Hospital Business		Medical Insurance Administration		Chinese Herbal Medicines		Cells and Tissues Storage and Genetic Testing Services		Total	
	2018	2017	2018	2017	2018	2017	2018	2017	2018	2017	2018	2017
Revenue from External Customers	77,760	46,938	75,612	47,865	2,663	2,163	2,554	1,852	5,324	—	163,913	98,818
Inter-segment Revenue	—	18,251	—	—	—	—	—	—	—	—	—	18,251
Reportable Segment Revenue	77,760	65,189	75,612	47,865	2,663	2,163	2,554	1,852	5,324	—	163,913	117,069
Reportable Segment Profit/(Loss)	6,483	(3,537)	(49,787)	(81,773)	(12,978)	(12,244)	(13,629)	(12,700)	(2,813)	(3,134)	(72,724)	(113,388)
Interest Income from Other Receivables											42,356	57,758
Interest Income from Loan to an Associate											654	—
Interest income from Loans to Joint Ventures											2,530	1,416
Unallocated Head Office and Corporate Expenses											(38,793)	(45,942)
Adjusted Loss from Operations ⁽³⁾											(65,977)	(100,156)