



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

FY2015/16 Interim Results

(For the 6 Months Ended 30 September 2015)



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Company Profile

Golden Meditech is a leading integrated healthcare enterprise, focusing on China's healthcare industry. It is principally engaged in two business segments:

Healthcare Services Segment

- ***Hospital Management Business***

- Owns and operates Beijing Qinghe Hospital (“Qinghe Hospital”) and Shanghai East International Medical Centre (“SEIMC”) through GM Hospital Group Limited.
- Qinghe Hospital started trial run in December 2013, providing a broad range of medical disciplines. It offers 600 beds and strives to provide high quality and comprehensive healthcare services to the general public in Beijing. SEIMC, a renowned international hospital brand, provides premium healthcare services in Shanghai and the surrounding neighbourhoods.

- ***Cord Blood Storage Business***

- China Cord Blood Corporation (“CCBC”, NYSE: CO), is the largest cord blood bank operator in China.
- CCBC is the only cord blood bank operator with multiple licenses in China. It has three operating cord blood banks in the Beijing municipality, the Guangdong province and the Zhejiang province. It also has 24% equity interests in the operator of the exclusive licensed cord blood bank in the Shandong province.

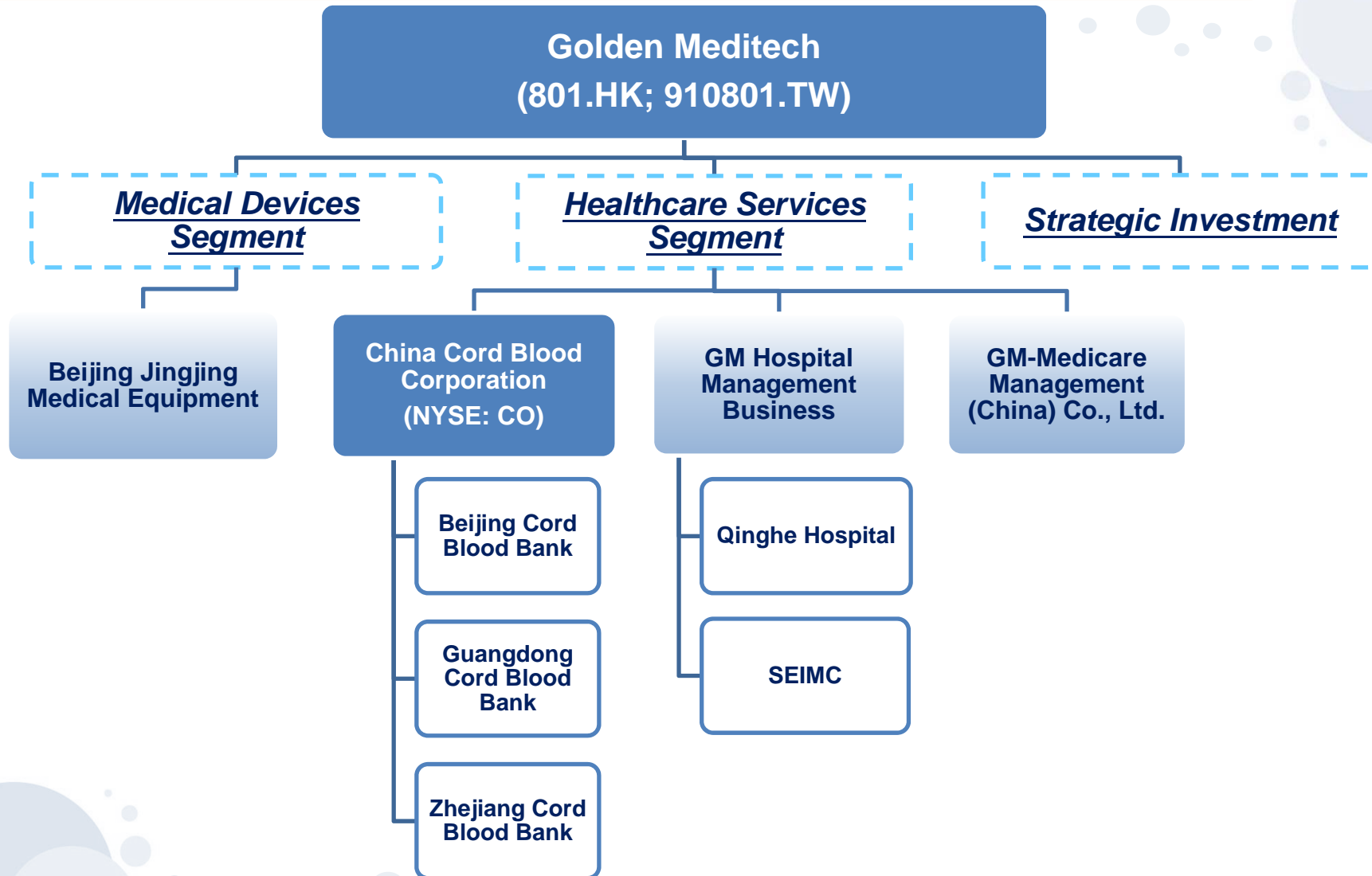
- ***Medical Insurance Administration Business***

- Pioneering medical insurance administration solutions provider in China, providing claim process and bill settlement services through GM-Medicare (China) Company Limited (“GM-Medicare”).

Medical Devices Segment

- Beijing Jingjing Medical Equipment, a leading medical devices manufacturer in China, is engaged in R&D, production, sales and distribution of blood-related medical devices in China.

Business Structure



Note: Entity highlighted in **Blue** represents publicly-listed entity

1H FY15/16 Highlights

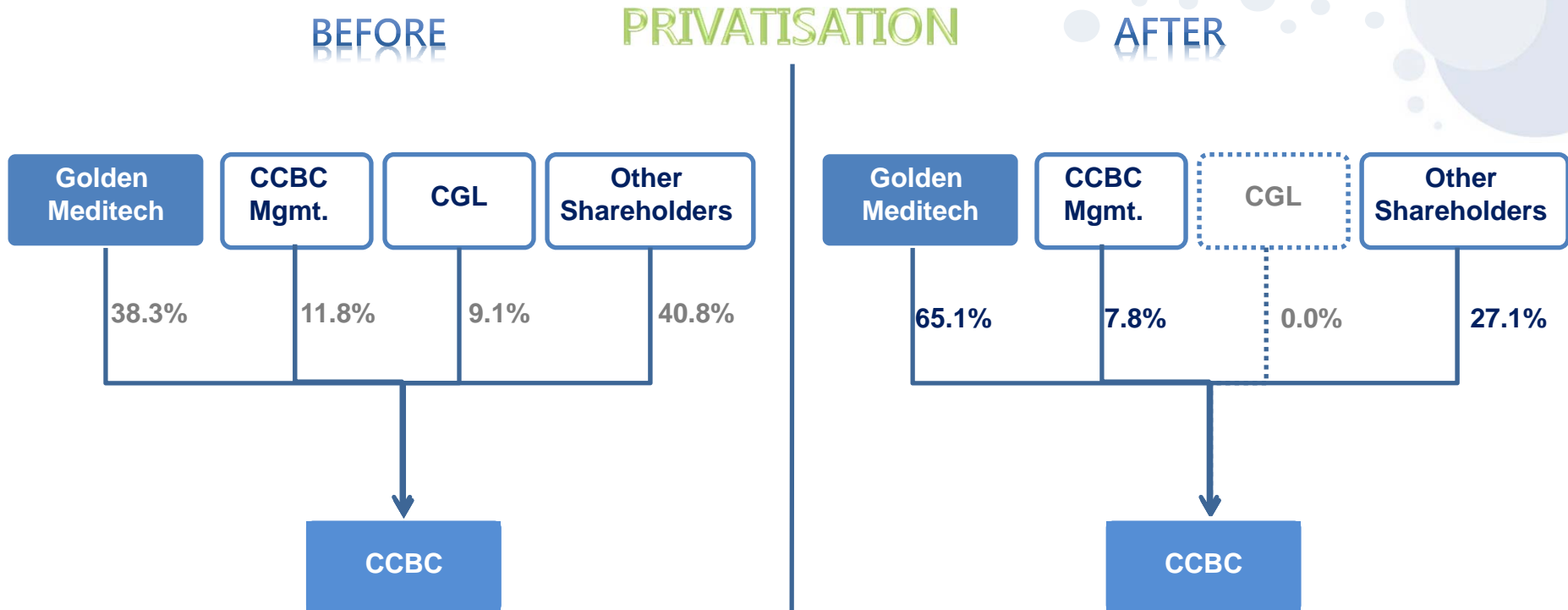
Development Highlights

- Submitted a non-binding proposal to privatise CCBC to facilitate the Group's overall development strategy. Completed the acquisitions of CCBC shares and the CCBC CN held by CGL.
- Raised approximately HK\$140 million via private placement and approximately HK\$986 million via open offer (underwritten by Bio Garden) to fund the proposed privatisation of CCBC.
- Entered into a non-binding MOU with Nanjing Xinjiekou for the proposed sale of CCBC.
- CCBC's Guangdong cord blood bank is accredited by American Association of Blood Banks.
- Medical devices segment proactively adjusted marketing strategy and product selling price to maintain market share and fortify competitive advantages amid rising competitions.

Results Highlights

- Interim results of core businesses in-line with management's expectations, revenue reached HK\$545,575,000, up 5.2% YoY.
- Net loss attributable to equity shareholders was HK\$234,049,000
- Excluding non-cash adjustments for:
 - 1) fair value losses of financial assets and financial liabilities;
 - 2) other impairment losses;
 - 3) share-based payment expenses.
- Adjusted net loss attributable to equity shareholders was HK\$77,553,000.

Proposed Privatisation of CCBC: Changes in Shareholding Structure



- Completion of the acquisition of the CCBC shares held by CGL.
- Assuming all the CCBC CN were fully converted.

Proposed Privatisation of CCBC

NOV
2015

- Completed the acquisitions of the 7,314,015 ordinary shares of CCBC and the CCBC CN held by CGL (“CGL Acquisition”) for aggregate cash consideration of US\$108 million (approx. HK\$846 million).
- Entered into a conditional sale and purchase agreement with Excellent China Healthcare Investment Limited, a wholly-owned subsidiary of Magnum 2, to acquire the KKR CN for the same consideration paid by Magnum 2 to acquire the KKR CN from KKR.
- Upon completion of the CGL Acquisition, together with the conditional acquisitions of CCBC CN held by Magnum and Magnum 2 (assuming all the CCBC CN were fully converted), the equity interest in CCBC held by the Company and its connected parties would increase from approx. 38.31% to 65.10%.

OCT
2015

Shareholders approved the acquisitions of the CCBC CN held by Mangum and CGL as well as of the CCBC shares held by CGL.

AUG
2015

- Terminated the agreement entered into between Golden Meditech and KKR in respect of the CCBC CN held by KKR (the “KKR CN”).
- Magnum Opus 2 International Holdings Limited (“Magnum 2”) which is controlled by the Company’s Chairman, Mr. Kam Yuen, acquired the KKR CN for cash consideration of approx. US\$162 million (approx. HK\$1,262 million).
- Mr. Kam Yuen undertook to grant the Company a call option to acquire the KKR CN for the same consideration at a later time.

MAY
2015

- Entered into agreements with KKR China Healthcare Investment Limited (“KKR”), Magnum Opus International Holdings Limited (“Magnum”) and Cordlife Group Limited (“CGL”) to acquire the 7% senior convertible notes issued by CCBC due April 2017 and October 2017 (the “CCBC CN”) held by them for a total consideration of not less than approx. US\$283 million (approx. HK\$2,206 million).
- Entered into an agreement with CGL to acquire the 7,314,015 ordinary shares of CCBC held by CGL for a total consideration of not less than approx. US\$47 million (approx. HK\$365 million).

APR
2015

Submitted a non-binding proposal to the board of directors of CCBC for the acquisition of all of the outstanding ordinary shares of CCBC, held by other shareholders, at an offer price of US\$6.40 per share in cash, with a view to privatise CCBC (the “Proposed Privatisation”).

1H FY15/16 Results Summary

(HK\$'000)	For the Six Months Ended 30 September		Change %
	2015	2014 Restated	
Turnover	545,575	518,852	5.2
<i>Cord Blood Storage Service Income</i>	421,979	384,242	9.8
<i>Hospital Management Service Income</i>	28,349	34,719	(18.3)
<i>Medical Insurance Administration Service Income</i>	2,780	2,394	16.1
<i>Medical Devices and Accessories Sales</i>	89,645	94,580	(5.2)
<i>Chinese Herbal Medicines Sales</i>	2,822	2,917	(3.3)
Gross Profit	395,857	374,772	5.6
EBITDA	103,191	301,233	(65.7)
Adjusted EBITDA*	149,641	167,191	(10.5)
Changes in Fair Value Losses of Financial Assets and Financial Liabilities	(330,419)	(159,307)	107.4
Other Impairment Losses	(10,474)	(6,358)	64.7
(Loss)/Profit After Tax	(380,153)	5,187	N/M
Adjusted (Loss)/Profit After Tax**	(3,284)	30,452	(110.8)
(Loss)/Profit Attributable to Equity Shareholders	(234,049)	111,905	N/M
Adjusted Loss Attributable to Equity Shareholders**	(77,553)	(26,821)	189.2
Basic (Loss)/Earnings Per Share (in HK cents)	(12.46)	6.56	N/M
Adjusted Basic Loss Per Share# (in HK cents)	(4.13)	(1.57)	163.1

* Excluding Other Impairment Losses, Share-based Payment Expenses and Management Income From A Third Party.

** Excluding Fair Value Losses of Financial Assets and Financial Liabilities, Other Impairment Losses, Share-based Payment Expenses and Management Income From A Third Party.

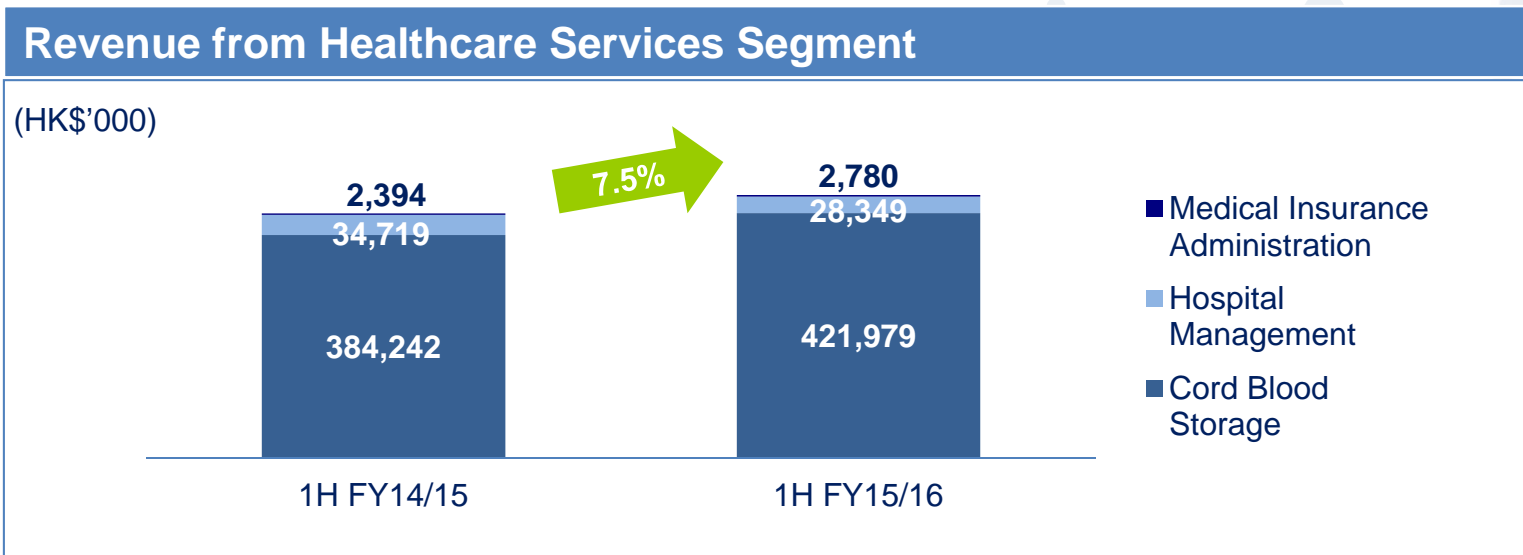
Based on the Adjusted Loss Attributable to Equity Shareholders of the Company.

Strong Balance Sheet

HK\$'000	As at 30 Sep 2015	As at 31 Mar 2015
Total Assets	10,100,331	10,154,386
Total Assets Less Current Liabilities	9,107,912	9,103,090
Total Equity Attributable to Equity Shareholders of the Company	3,417,363	3,589,275
NAV per share (HK\$)	1.73	2.00
Cash and Bank Deposits	4,224,543	4,045,558
Gearing Ratio	23.8%	23.8%

- Total interest-bearing debts stood at HK\$1,022,163,000 (31 Mar 2015: HK\$1,102,853,000), excluding the CCBC convertible notes in relation to the Proposed Transaction.
- The payment to the convertible notes will be funded by internal resources of the Group and debt financing.

Healthcare Services Segment: Revenue Mix



- Revenue from healthcare services segment increased by 7.5% to HK\$453,108,000. The increase was mainly driven by the cord blood storage business.
- Cord blood storage business continued to achieve steady growth. Revenue from the cord blood storage business increased by 9.8% to HK\$421,979,000.
- Revenue from hospital management business was HK\$28,349,000.
- Economic interests of Qinghe Hospital will improve when fully operational.

Healthcare Services Segment: Cord Blood Storage



- Revenue increased by 9.8% to HK\$421,979,000, accounting for 77.3% of total revenue.
- CCBC has signed up 32,834 new subscribers in 1H FY15/16.
- As of 30 Sep 2015, the accumulated subscribers reached 474,193.
- Reported net loss under Hong Kong Financial Reporting Standards as a result of fair value changes of CCBC CN issued.
- With a long-operating history in Beijing, a fast expanding Guangdong market and a newly established Zhejiang cord blood storage bank, CCBC has significantly improved its overall competitive edge.



Healthcare Services Segment: Hospital Management



Qinghe Hospital

- Started trial run in December 2013.
- Located at Haidian District, Beijing, with a gross floor area of approximately 75,000m².
- Not only specialises in haematology, but also provides a broad range of medical disciplines such as O&G, paediatrics, ophthalmology and dentistry, providing prime healthcare services to the general public in Beijing.
- Offers 600 beds, of which 48 beds are haematology wards.
- Working seamlessly with the Peking University People's Hospital for securing highly competent medical personnel as well as maintaining quality hospital services.
- Revenue, profit and cash flow of Qinghe Hospital will improve progressively once it is fully operational.



SEIMC

- Continued to make revenue contribution to the hospital management business.
- Leveraging on its well-known brand and sound reputation, SEIMC provides premium healthcare services to the high end market in Shanghai and the surrounding neighbourhoods.



Healthcare Services Segment: Medical Insurance Administration

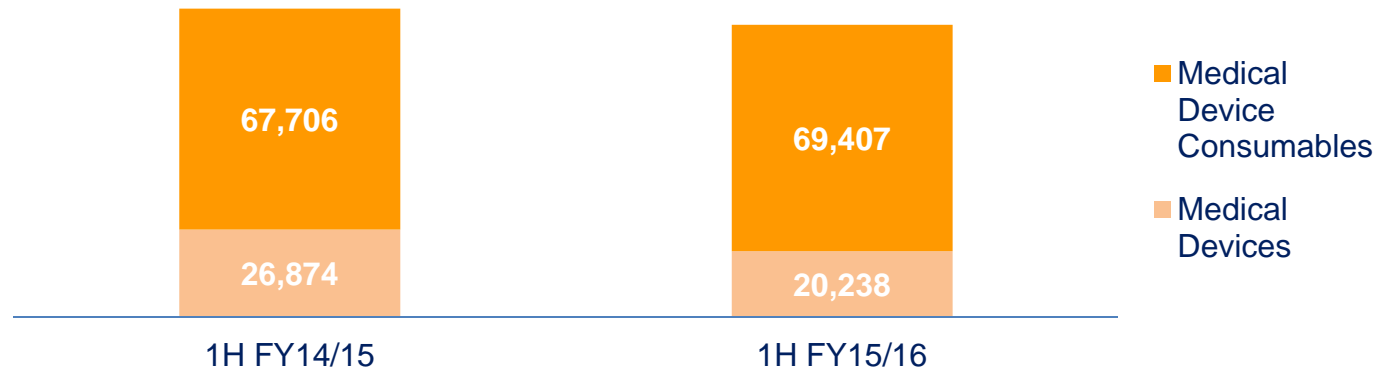
- China's basic medical insurance coverage has extended to urban and rural population.
- Essential to draw in commercial medical insurance companies which offer third-party settlement in order to meet the increasing pressure on the medical insurance payments.
- Seeing the market opportunity, GM-Medicare serves as a missing link by providing claims process and bill settlement services to medical insurance companies, hospitals and policy holders.
- Obtained market recognition and seeking closer collaborations with insurance companies and local governments.
- Still at early stage of development, expect healthcare reforms will generate vast opportunities for business to grow substantially.



Medical Devices Segment: Revenue Mix

Revenue from Medical Devices Segment

(HK\$'000)



Deepening of strategic transformation, leveraging synergy effects

- Revenue from medical devices segment decreased by 5.2% to HK\$89,645,000, accounting for 16.4% of total revenue.
- Revenue from medical devices and medical consumables accounted for 22.6% and 77.4% of segment's revenue, respectively.
- The medical device segment will synergise with the healthcare services segment and continue to contribute revenue to the Group.

Outlook

HEALTHCARE SERVICES SEGMENT

MEDICAL DEVICES SEGMENT



To further increase penetration rates in Beijing, Guangdong and Zhejiang



To improve financial performance once Qinghe Hospital becomes fully operational



To promote collaborations with more medical insurance companies and local government, so as to expand scale of business



To leverage on its vast business network and to generate synergy in its healthcare value chain businesses



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