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)

SUPPLEMENTAL INFORMATION IN RELATION TO THE ANNUAL REPORT FOR THE YEAR ENDED 31 MARCH 2017

This announcement is made at the request of The Stock Exchange of Hong Kong Limited ("**Stock Exchange**").

Reference is made to the annual report of Golden Meditech Holdings Limited (the "**Company**") and its subsidiaries (collectively referred to as the "**Group**") for the financial year ended 31 March 2017 (the "**Annual Report**") published on the websites of the Stock Exchange and the Company on 28 June 2017. Capitalised terms used herein shall have the same meanings as those defined in the Annual Report unless the context requires otherwise.

IMPAIRMENT LOSS OF GOODWILL

Reference is made to note 14 *"Goodwill"* to the financial statements contained in the Annual Report. The Group recorded an impairment loss on goodwill of HK$294,995,000 (the "**Impairment Loss**"). The Company wishes to provide the shareholders of the Company and the potential investors with the following supplemental information.

Reasons and details of events and circumstances that led to the Impairment Loss

On 30 June 2009, the Group completed the acquisition of a 60% equity interest in GM Hospital Management (China) Co., Ltd. ("**GHMH (China)**") and its subsidiaries. The acquired subsidiaries are principally engaged in the provision of hospital management services and possess a nationwide hospital management licence in the People's Republic of China ("**PRC**").

Beijing Qinghe Hospital Co., Ltd. ("**Qinghe Hospital**"), an indirect subsidiary of GMHM (China), commenced its trial operation in 2012 and obtained its licence in late 2015. For the year ended 31 March 2017, in response to the increasingly competitive hospital management business environment in Beijing, the Group decided to lease out several floors of the Qinghe Hospital's space and medical equipment in return for rental income instead of operating the same. As a result, Qinghe Hospital generated less earnings than originally estimated in 2016. During the annual review on the carrying value of each cash-generating unit ("**CGU**") based on the revised forecast, the recoverable amount of Qinghe Hospital was found to be lower than its carrying amount as at 31 March 2016, resulting in the Impairment Loss.

Valuation model and key assumptions adopted in the estimation of the recoverable amount

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 hospital management business because there was no reasonable basis for making a reliable estimate of the price at which an orderly transaction to sell the relevant CGU 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 CGU, which had been consistently applied in the valuation on the CGU of the hospital management business since the year ended 31 March 2010. The Company did not engage an external party to perform the valuation on the CGU in the year ended 31 March 2017.

The value-in-use approach used cash flow projections based on financial budgets approved by the Group's management, with the final year representing a steady state in the development of the business. Cash flows beyond the budget period were extrapolated using the estimated rates stated below. The growth rate did not exceed the long-term average growth rate for the business in which the relevant CGU operated.

The Group's management projected the future growth and development of the Group's hospital management business based on the information available at the end of each accounting period. Having considered the statistics disclosed in the Year Book of Health published by the PRC government and the Group's prior experiences in the hospital management business, the following key assumptions were used for the value-in-use calculations:

	As at 31 March 2017	**As at 31 March 2016**
	%	**%**
Average gross margin	42.6	40.0
Average growth rate	7.5	10.6
Discount rate	12.8	13.1

The changes in the key inputs were made in order to reflect the revised performance of the hospital management business.

Save for the change in cash flow projections for the Group's hospital management business as stated above, there was no significant change in the value of the inputs and assumptions from those previously adopted.

Any subsequent changes in the said valuation method

There was no change in the said valuation method used during the year ended 31 March 2017, as compared to that adopted previously.

The above additional information does not affect other information contained in the Annual Report and the contents of the Annual Report remain unchanged.

By Order of the Board
Golden Meditech Holdings Limited
KAM Yuen
Chairman

Hong Kong, 20 March 2018

As at the date of this announcement, the Board comprises eight Directors. The executive Directors are Mr.Kam Yuen (Chairman) and Mr. Kong Kam Yu, the non-executive Directors are Ms. Zheng Ting and Mr. Gao Yue and the independent non-executive Directors are Prof. Cao Gang, Mr. Feng Wen, Prof. Gu Qiao and Mr. Daniel Foa.