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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)

**VOLUNTARY ANNOUNCEMENT
IN RELATION TO SUBSCRIPTION OF CONVERTIBLE NOTE**

On 6 August 2019, GMI (a wholly-owned subsidiary of the Company), as Noteholder, agreed to subscribe for the Convertible Note issued by the Issuer, in the principal amount of S\$5,800,000 at the interest rate of 11% per annum compounded annually for a term of three(3) years.

The Noteholder shall be entitled to redeem the Convertible Note in cash at the end of the three (3) year term (or earlier upon provision of one month notice to the Issuer or in the event of the occurrence of an event of default), or exercise the conversion rights attached to the Convertible Note to convert all or part of the Convertible Note outstanding and interest accrued into fully-paid ordinary shares of the Issuer at the Conversion Price from the date of issuance of the Convertible Note to the Redemption Date.

This announcement is made by the Company on a voluntary basis.

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THE SUBSCRIPTION OF THE CONVERTIBLE NOTE

A summary of the principal terms of the Subscription Agreement dated 6 August 2019 constituting and governing the Convertible Note is set out below:

Issuer : LCS

Noteholder : GMI

Principal amount : S\$5,800,000

Interest Rate : 11% per annum compounded annually

Purpose : The Issuer shall use the S\$5,800,000 to further fund the construction of the GoldHill Memorial Centre and to repay the overdrawn amount of S\$800,000 owed to the Noteholder under the Previous Loan Facility.

Redemption Date : The date falling on the third anniversary of the issuance date of the Convertible Note, being 5 August 2022.

Interest: The amount accruing at the interest rate of 11% per annum compounded annually on the principal amount of the Convertible Note, calculated on the basis of a 365-day year and the actual number of days elapsed from the date of issue of the Convertible Note to the Redemption Date (or earlier date on the occurrence of an Event of Default (as defined below) or earlier date on the Conversion Date (as defined below)).

Conversion Price: Determined based on the consolidated net tangible assets value of the Issuer and its subsidiaries divided by the number of shares in issue of the Issuer as at the Conversion Date.

Conversion Date : A date within three (3) Business Days of service of Conversion Notice on the Issuer.

Conversion Notice: A notice in writing by the Noteholder to the Issuer to convert all or part of the Convertible Note outstanding and interest accrued thereon.

Event of Default: The occurrence of, among other things, any of the following:

- a) the assets of the Issuer and its subsidiaries are pledged to other financial institutions without consent from the Noteholder; or
- b) an order is made, or an effective resolution is passed, for the winding-up, liquidation, administration or dissolution of the Issuer or any of its subsidiaries (except for the purpose of reorganisation or amalgamation of the Issuer or any of its subsidiaries); or
- c) the Issuer or any of its subsidiaries stops (or threatens to stop) payment of its debts generally or ceases (or threatens to cease) to carry on its business or a substantial part of its business; or

- d) the Issuer or any of its subsidiaries is deemed for the purposes of the Companies Act (Cap. 50 of the Laws of Singapore) to be, insolvent, unable to pay its debts or compounds or proposes or enters into any reorganisation or special arrangement with its creditors generally.

Status : The Convertible Note shall rank pari passu, equally and rateably, without discrimination or preference among themselves and as unsecured obligations of the Issuer.

Repayment : The Issuer shall repay in full the principal amount of the Convertible Note outstanding not converted into shares of the Issuer, together with Interest accrued thereof on the Redemption Date.

FUNDING OF THE CONVERTIBLE NOTE

The Convertible Note was funded by internal resources of the Group.

REASONS FOR AND BENEFITS OF THE PROVISION OF CONVERTIBLE NOTE

The Issuer is a 50.23% owned associate of the Group. It is currently developing an automated columbarium in Singapore, i.e. the GoldHill Memorial Centre. The completion of construction of GoldHill Memorial Centre is expected to occur by December 2019. The provision of the funds to the Issuer by the Group is to finance the on-going development of the GoldHill Memorial Centre by the Issuer and repayment of the overdrawn amount of S\$800,000 due under the Previous Loan Facility.

The Board is of the view that the provision of the Convertible Note will allow the Issuer to complete the construction of the automated columbarium, the commencement of operation of the columbarium business is expected to generate revenue and positive cash flows to the Issuer, and bring returns to the Company.

The terms of the Convertible Note (including the interest rate) was arrived at after arm's length negotiations between the Issuer and Noteholder, with reference to the prevailing commercial practice and the amount of the Convertible Note.

The Directors consider that the terms of the Convertible Note are fair and reasonable and are in the interests of the Company and its Shareholders as a whole.

INFORMATION ON THE GROUP

The Group is a leading integrated healthcare enterprise in the mainland China and is principally engaged in (i) the healthcare services segment, comprising hospital management business and medical insurance administration business; (ii) the medical devices segment, comprising of manufacturing and sale of medical devices and its consumables; and (iii) strategic investments, comprising of manufacturing and sale of Chinese herbal medicines.

INFORMATION ON THE LCS GROUP

LCS is a company incorporated in Singapore with limited liability and the LCS Group is principally engaged in the provision of multi-religion funeral services and other related ancillary services in Singapore. Prior to the LFC Demerger, LCS was a wholly-owned subsidiary of LFC, which was a 50.23% owned associate of the Group from 16 October 2017 until completion of the LFC Demerger. Upon completion of the LFC Demerger on 1 July 2019 and as at the date of this announcement, the Group holds 50.23% equity interest in LCS, and LCS is an associate of the Group.

DEFINITIONS

In this announcement, unless the context otherwise requires, the followings expressions have the following meanings:

“Board”	the board of Directors of the Company
“Business Days”	a day that is not a Saturday, Sunday, public holiday or bank holiday in Singapore
“Company”	Golden Meditech Holdings Limited, a company incorporated in the Cayman Islands with limited liability and whose shares are listed on the main board of the Stock Exchange
“Convertible Note”	the convertible note to be issued by the Issuer pursuant to the Subscription Agreement in the principal amount of S\$5,800,000 carrying interest of 11% per annum compounded annually
“Director(s)”	the director(s) of the Company

“GMI”	GM Investment Company Limited, a company incorporated in Hong Kong with limited liability and a wholly-owned subsidiary of the Company
“Group”	the Company and its subsidiaries
“Issuer” or “LCS”	Life Corporation Services (S) Pte. Ltd., a company incorporated in Singapore with limited liability, and an associate of the Group. It was a wholly-owned subsidiary of LFC prior to the LFC Demerger
“LCS Group”	LCS and its subsidiaries
“LFC”	Life Corporation Limited, was a company incorporated in the Commonwealth of Australia with limited liability and an associate of the Group prior to the LFC Demerger
“LFC Demerger”	the capital reduction of LFC by a demerger (in species) distribution of all the issued shares in LCS on a pro rata basis to all existing shareholders of LFC, which was approved by the shareholders of LFC at the annual general meeting of LFC held on 24 June 2019
“Noteholder”	the holder of the Convertible Note, GMI
“Previous Loan Facility”	the loan facility in the principal amount of S\$5,000,000 granted by GMI to LCS on 6 November 2017, under which LCS has overdrawn S\$800,000 as at the date of this announcement
“Shareholders”	holders of ordinary shares of HK\$0.20 each in the issued share capital of the Company
“Singapore”	the Republic of Singapore
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Subscription Agreement”	the agreement executed as a deed constituting and governing the Convertible Note dated 6 August 2019

“S\$”

The lawful currency of Singapore

By order of the Board
Golden Meditech Holdings Limited
Feng Wen
Chairman

Hong Kong, 6 August 2019

As at the date of this announcement, the Board comprises five Directors. The executive Directors are Mr. Feng Wen (Chairman) and Mr. Leong Kim Chuan (Chief executive); and the independent non-executive Directors are Mr. Gao Yue, Mr. Poon Tsz Hang and Mr. Daniel Foa.