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GOLDEN MEDITECH COMPANY LIMITED

金衛醫療科技有限公司

(the “Company”)

(incorporated in the Cayman Islands with limited liability)

(Stock Code: 8180)

ANNOUNCEMENT

ISSUE OF NEW SHARES BY A SUBSIDIARY OF THE COMPANY

This announcement is made pursuant to Rule 17.10 of the GEM Listing Rules.

On 9 November 2006, 8 Subscription Agreements were entered into among the Company, CSC (a non-listed subsidiary of the Company) and each of the 8 Subscribers, pursuant to which CSC agreed to issue and the Subscribers agreed to subscribe for the Subscription Shares at US\$82.65 per Subscription Share at the total amount of US\$20,001,300. The total number of new shares to be issued represent 20.0% of the existing issued share capital of CSC and approximately 16.7% of the enlarged issued share capital of CSC upon Completion. The proceeds will be used for the establishment of new storage facilities in China and general working capital.

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THE SUBSCRIPTION AGREEMENTS

On 9 November 2006, 8 Subscription Agreements were entered into among the Company, CSC (a non-listed subsidiary of the Company) and 8 Subscribers, pursuant to which CSC agreed to issue and the Subscribers agreed to subscribe for the Subscription Shares at US\$82.65 per Subscription Share at the total amount of US\$20,001,300. The Company is a party to each Subscription Agreement as guarantor of the obligations of CSC under each Subscription Agreement. To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, each Subscriber and its ultimate beneficial owner(s) is a third party independent of and not connected with the directors, chief executive, management shareholders or substantial shareholders of the Company or any of its subsidiaries or their respective associates.

The Subscription Agreements provide, among other things, for the following:-

Total Number of Subscription Shares:	<p>CSC will issue 242,000 new CSC Shares, which represent 20.0% of the existing issued share capital of CSC and approximately 16.7% of the enlarged issued share capital of CSC upon Completion (assuming there is no other issue of CSC Shares prior to Completion). Such new CSC Shares, when issued, will rank pari passu in all respects with all CSC Shares issued and outstanding as of Completion.</p> <p>If the 2007 Audited Net Profit is less than 90% of US\$2,880,000 (i.e. US\$2,592,000), CSC shall allot and issue to each Subscriber for no consideration, credited as fully paid, additional CSC Shares calculated in accordance with the provisions set out in the Subscription Agreements (the “Additional CSC Shares”).</p> <p>The maximum number of Additional CSC Shares that CSC will be required to allot and issue to the Subscribers shall be approximately 60,500 CSC Shares.</p>
Consideration:	<p>The consideration per Subscription Share is US\$82.65, which shall be paid in full in cash to the escrow agent no later than 3 Business Days prior to Completion to be released to CSC on Completion. The consideration was arrived at after arm’s length negotiations between CSC and each Subscriber.</p>
Use of Proceeds:	<ul style="list-style-type: none">● Establishing new storage facilities for geographical expansion purpose● General working capital for the CSC Group.
Completion:	<p>22 November 2006 (or, in respect of a Subscription Agreement, on such other day as shall be mutually agreed between CSC, the Company and the relevant Subscriber).</p>
Conditions Precedent:	<p>Completion of each Subscription Agreement is conditional upon, among other things, the fulfillment (or, where applicable, waiver) of each of the following on or before Completion:-</p> <ul style="list-style-type: none">(a) all necessary waivers, consents and approvals (if required) from the relevant governmental or regulatory authorities with respect to CSC and the Company being obtained;(b) simultaneous completion for such number of Subscription Shares that would enable CSC to raise not less than US\$20 million; and

- (c) payment of the consideration to the escrow agent at least 3 Business Days prior to Completion.

(The Subscription Agreements are not inter-conditional upon each other.)

Undertakings

The Company undertakes with each Subscriber that the Company shall not, sell, assign, transfer or otherwise dispose of all or any of the CSC Shares held by it, unless the relevant Subscriber shall be given a tag-along right to participate in such transfer.

Unless to an Affiliate or with the prior consent of CSC, each Subscriber shall not sell, assign or otherwise dispose of all or any of the CSC Shares acquired by it under the relevant Subscription Agreement unless, each other CSC Shareholder has been given a right of first refusal to purchase such of the CSC Shares intended to be disposed of by the relevant Subscriber.

Repurchase:

If (a) a QIPO (an IPO on a recognised stock exchange with the market capitalisation not less than US\$240,000,000) shall not occur within 24 months after the Completion Date; or (b) a Material Breach (as defined below) shall occur, each Subscriber will have the right to require CSC to procure the purchase (whether or not by CSC) (all or part) of the CSC Shares acquired by it under the relevant Subscription Agreement at the Repurchase Price (as defined below), exercisable within a period of time as set out in the relevant Subscription Agreement.

“Material Breach” means certain breach of the terms and conditions of a Subscription Agreement by CSC or the Company, which:-

- (a) in terms of aggregate liability, exceeds HK\$100,000; and
- (b) CSC and the Company shall have been notified by no later than 90 days after the relevant Subscriber becomes aware thereof and the second anniversary of the Completion.

“Repurchase Price” means the portion of consideration paid by the relevant Subscriber in respect of the CSC Shares required to be purchased, plus a gross yield of 8% per annum (uncompounded) from the Completion Date to the date of payment.

INFORMATION ON CSC

CSC is an exempted company incorporated in the Cayman Islands on 12 January 2005 with limited liability. Operates through its wholly owned subsidiary, Beijing Jiachenhong Biological Technologies Company Limited, it primarily engages in the provision of storage facilities and services to store blood stem cells extracted from the umbilical cords of newborn babies in China. It is the first company to obtain operating permit granted by the Ministry of Health in China and currently possesses two of the four operating permits in China.

The CSC Group's operation concentrates in Beijing and is establishing another facility in Guangdong province. The CSC Group's consolidated operating profit before any exceptional item for the financial year ended 31 March 2006 amounted to approximately HK\$11,202,000. Based on the CSC Group's latest management account as at 30 September 2006, the consolidated net assets of the CSC Group amounted to approximately HK\$205,877,000.

As at the date of this announcement, the Group holds approximately 67.8% interest of the issued share capital of CSC. Upon completion of the Subscription (assuming there is no other issue of CSC Shares prior to Completion), CSC will remain as a subsidiary of the Company, and the Group's interest in CSC will be diluted from approximately 67.8% to approximately 56.5%.

REASONS FOR THE ISSUE OF SUBSCRIPTION SHARES AND USE OF PROCEEDS

The Group is engaged in the development, manufacture and sale of advanced medical devices in China. Through prudent expansion strategy, the Group cautiously diversifies its products and services mix. Currently, the Group provides a wide range of products and services in China, including medical and personal healthcare devices, blood stem cell storage and applications, and the development and manufacture of Chinese herbal medicines. The Group holds two of the four Umbilical Cord Stem Cell Storage Permits issued by the Ministry of Health in China.

The Subscription is expected to strengthen the financial position of the CSC Group and facilitate CSC's ongoing geographical expansion and its future development. The Directors consider the terms and conditions of the Subscription to be fair and reasonable and believe that the Subscription is in the best interest of the Company and its Shareholders.

DEFINITIONS

The following words and phrases used in this announcement have the following meaning:

- “2007 Audited Net Profit” means the consolidated net profit after interest, tax and extraordinary items of the CSC Group for the financial year ending 31 March 2007, in accordance with HK GAAP;
- “Affiliate” means in relation to any person, any subsidiary or holding company of such person and any subsidiary of any such holding company;
- “associates” has the meaning ascribed thereto in the GEM Listing Rules;
- “Board” means the board of Directors;
- “Business Day” means the day on which banks in Hong Kong are officially open for business, not being a Saturday;
- “Company” means Golden Meditech Company Limited, an exempted company incorporated in the Cayman Islands with limited liability, the issued Shares of which are listed on the GEM;
- “Completion” means completion of the transaction(s) contemplated under the Subscription Agreement(s);
- “Completion Date” means the date on which the transaction(s) contemplated under the Subscription Agreement(s) is completed, being 22 November 2006 (or, in respect of a Subscription Agreement, on such other day as shall be mutually agreed between CSC, the Company and the relevant Subscriber);
- “CSC” means China Stem Cells Holdings Limited, an exempted company incorporated in the Cayman Islands with limited liability and, as at the date of this announcement, an company which is approximately 67.8% owned by the Company;
- “CSC Group” means CSC and its subsidiaries;
- “CSC Shareholders” means shareholders of CSC;
- “CSC Share(s)” means ordinary share(s) of par value US\$1 each in the capital of CSC and any share(s) issued in exchange therefor by way of conversion or reclassification and any share(s) representing or deriving from such share(s) as a result of any increase in or reorganisation or variation of the capital of CSC;

“Directors”	means the directors of the Company;
“GEM”	means The Growth Enterprise Market operated by the Stock Exchange;
“GEM Listing Rules”	means the Rules Governing the Listing of Securities on the GEM;
“Group”	means the Company and its subsidiaries;
“HK\$”	means Hong Kong dollars, the lawful currency of Hong Kong;
“Hong Kong”	means the Hong Kong Special Administrative Region of the People’s Republic of China;
“HK GAAP”	means the generally accepted accounting principles in Hong Kong;
“IPO”	means the initial public offering in connection with the commencement of a listing on a stock exchange, trading counter or trading system of the CSC Shares;
“QIPO”	means an IPO on a recognised stock exchange in which the market capitalisation calculated by multiplying the aggregate number of issued and outstanding CSC Shares immediately prior to the completion of the IPO and the price of the CSC Shares at the IPO is not less than US\$240,000,000;
“Share(s)”	means ordinary share(s) of HK\$0.10 each in the share capital of the Company;
“Shareholders”	means shareholders of the Company;
“Stock Exchange”	means The Stock Exchange of Hong Kong Limited;
“Subscribers”	means the 8 subscribers for the Subscription Shares, each, an independent third party;
“Subscription”	means the subscription for the Subscription Shares by the Subscribers pursuant to the Subscription Agreements;
“Subscription Agreements”	means the 8 subscription agreements entered into by CSC, the Company, and each of the Subscribers on 9 November 2006 in relation to the Subscription; and

“Subscription Shares”

means the 242,000 new Shares to be subscribed for by the Subscribers under the Subscription Agreements and, where the context permits, includes the Additional CSC Shares referred to above.

By order of the Board
Golden Meditech Company Limited
KAM Yuen
Chairman

9 November 2006, Hong Kong

As at the date of this announcement, the Board is composed of 7 directors. The executive directors are KAM Yuen (Chairman), JIN Lu, LU Tian Long and ZHENG Ting and the independent non-executive directors are CAO Gang, GAO Zong Ze and GU Qiao.

This announcement, for which the directors of the Company collectively and individually accept full responsibility, includes particulars given in compliance with the GEM Listing Rules for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that, to the best of their knowledge and belief: (a) the information contained in this announcement is accurate and complete in all material respects and not misleading; (b) there are no other matters the omission of which would make any statement in this announcement misleading; and (c) all opinions expressed in this announcement have been arrived at after due and careful consideration and are founded on bases and assumptions that are fair and reasonable.

This announcement will remain on the GEM website at <http://www.hkgem.com> on the “Latest Company Announcements” page for at least seven days from the date of its posting and on the Company’s website at <http://www.goldenmeditech.com>.