



GOLDEN MEDITECH COMPANY LIMITED

金衛醫療科技有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 8180)

FIRST QUARTERLY RESULTS ANNOUNCEMENT FOR THE THREE MONTHS ENDED 30 JUNE 2007

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This report, for which the directors (the "Directors") of Golden Meditech Company Limited collectively and individually accept full responsibility, includes particulars given in compliance with the Rules Governing the Listing of Securities on the GEM (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: (1) the information contained in this report is accurate and complete in all material respects and not misleading; (2) there are no other matters the omission of which would make any statement in this report misleading; and (3) all opinions expressed in this report have been arrived at after due and careful consideration and are founded on bases and assumptions that are fair and reasonable.

CORPORATE PROFILE

Golden Meditech Company Limited (“Golden Meditech”; stock code: 8180.HK) is a leading hi-tech integrated healthcare corporation in China. Its major business areas are: the research and development, manufacture and distribution of medical devices and personal healthcare products; the storage and applications of blood stem cells extracted from the umbilical cords of newborn babies; and the research, development and manufacture of Chinese herbal medicines. The Group’s mission is to create value for its shareholders while contributing to society through products and services that improve health.

Golden Meditech is pioneer in the field of healthcare in China. Its flagship medical device, the Autologous Blood Recovery System, is the first of its kind to receive State Food and Drug Administration (“SFDA”) approval for manufacture in China. The Group is also the first and the largest umbilical cord blood bank operator in China. Lastly, the Group’s TangHerb® is the first proprietary Chinese herbal medicine approved by the SFDA for alleviating common AIDS symptoms.

Golden Meditech’s chief competitive advantage is in identifying and capturing business opportunities with substantial growth potential in emerging segments of the healthcare market. With its nationwide medical device distribution network and longstanding relationships with healthcare providers, it has a strong track record in successfully commercializing new products and services. Through research, development and investment, Golden Meditech aims to become the world’s leading hi-tech integrated healthcare corporation.

FIRST QUARTERLY RESULTS (UNAUDITED)

The board of Directors (the “Board”) of the Company is pleased to announce the unaudited consolidated results of the Group for the three months ended June 30, 2007 together with the comparative unaudited figures for the corresponding period in 2006 as follows:

CONSOLIDATED INCOME STATEMENT

		Unaudited	
		For the three months	
		ended June 30	
	<i>Note</i>	2007	2006
		HK\$'000	<i>HK\$'000</i>
Turnover	2	90,011	71,830
Cost of sales		(34,088)	(26,871)
Gross profit		55,923	44,959
Other revenue	4	8,702	10,875
Other net income	5	141,712	—
Selling expenses		(5,597)	(4,222)
Administrative expenses		(17,337)	(16,319)
Profit from operations		183,403	35,293
Finance costs		(3,355)	(2,826)
Share of profits of an associate		379	119
Share of profits of a jointly-controlled entity		12,485	13,177
Profit before taxation		192,912	45,763
Income tax	6	(4,914)	(3,083)
Profit for the period		187,998	42,680
Attributable to:			
Equity shareholders of the Company		183,203	41,744
Minority interests		4,795	936
		187,998	42,680
Earnings per share			
- Basic	8	12.04 cents	2.86 cents
- Diluted	8	11.38 cents	2.77 cents

The notes on pages 5 to 12 form part of the first quarterly results.

NOTES TO THE FIRST QUARTERLY RESULTS

1. Basis of preparation

The unaudited consolidated results of the Group have been prepared in accordance with the Hong Kong Financial Reporting Standards (“HKFRSs”) (which include all Hong Kong Accounting Standards (“HKASs”) and Interpretations) issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”), accounting principles generally accepted in Hong Kong and the applicable disclosure requirements of the GEM Listing Rules.

All intra-group transactions and balances have been eliminated in preparing these results. The principal accounting policies used in the preparation of the unaudited consolidated results are consistent with those adopted in the preparation of the annual consolidated financial statements of the Group for the year ended March 31, 2007.

2. Turnover

The Group is principally engaged in the manufacture and sales of the autologous blood recovery machines (“ABRS Machines”), the disposable blood processing chambers and related accessories (“Disposable Chambers”), the provision of examination, processing, separation and storage services and application-related services for blood stem cells (“Cord Blood Bank”), and research and development, manufacture and sales of proprietary Chinese herbal medicines.

Turnover represents the amounts received and receivable for goods sold less returns, allowances, value added tax and other sales tax, and income from services rendered to customers, less business tax.

Turnover recognized during the period may be analyzed as follows:

	Unaudited For the three months ended June 30	
	2007	2006
	HK\$'000	HK\$'000
Sales of ABRS Machines	50,010	45,098
Sales of Disposable Chambers	13,587	11,767
Cord Blood Bank services	25,096	13,377
Sales of proprietary Chinese herbal medicines	1,318	1,588
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	90,011	71,830
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3. Segment information

(i) *Primary reporting format – business segments*

The Group comprises the following main business segments:

- Medical Device Segment - the development, manufacture and sales of medical devices including ABRS Machines and Disposable Chambers;
- Cord Blood Bank Segment - the provision of blood stem cells examination, processing, separation and storage and application-related services; and
- Chinese Herbal Medicine Segment - the research and development, manufacture and sales of proprietary Chinese herbal medicines.

The following tables present turnover, expenditure and profit/(loss) from operations information for the Group's business segments.

	Unaudited			
	For the three months ended			
	June 30, 2007			
	<i>HK\$'000</i>			
	Medical Device Segment	Cord Blood Bank Segment	Chinese Herbal Medicine Segment	Consolidated
Turnover	<u>63,597</u>	<u>25,096</u>	<u>1,318</u>	<u>90,011</u>
Segment results	<u>45,234</u>	<u>11,383</u>	<u>(9,821)</u>	<u>46,796</u>
Unallocated income and expenses				<u>136,607</u>
Profit from operations				<u>183,403</u>
Finance costs				<u>(3,355)</u>
Share of profits of an associate and a jointly-controlled entity				<u>12,864</u>
Profit before taxation				<u>192,912</u>
Taxation				<u>(4,914)</u>
Profit for the period				<u>187,998</u>
Attributable to:				
Equity shareholders of the Company				<u>183,203</u>
Minority interests				<u>4,795</u>
				<u>187,998</u>

3. Segment information (continued)

(i) Primary reporting format – business segments (continued)

	Unaudited For the three months ended June 30, 2006 HK\$'000			
	Medical Device Segment	Cord Blood Bank Segment	Chinese Herbal Medicine Segment	Consolidated
Turnover	<u>56,865</u>	<u>13,377</u>	<u>1,588</u>	<u>71,830</u>
Segment results	<u>38,562</u>	<u>5,627</u>	<u>(9,677)</u>	34,512
Unallocated income and expenses				<u>781</u>
Profit from operations				35,293
Finance costs				(2,826)
Share of profits of an associate and a jointly-controlled entity				<u>13,296</u>
Profit before taxation				45,763
Taxation				<u>(3,083)</u>
Profit for the period				<u>42,680</u>
Attributable to:				
Equity shareholders of the Company				41,744
Minority interests				<u>936</u>
				<u>42,680</u>

(ii) Secondary reporting format – geographical segments

In view of the fact that the Group operates mainly in the People's Republic of China (the "PRC"), no geographical segment information is presented.

4. Other revenue

	Unaudited For the three months ended June 30	
	2007 HK\$'000	2006 <i>HK\$'000</i>
Interest income	4,608	7,161
VAT refund (<i>Note</i>)	4,094	3,714
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	8,702	10,875
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Note:

Pursuant to the relevant government policies and approval documents from the local government authorities, one of the Group's PRC subsidiaries is entitled to a VAT refund which is calculated at approximately 14% of sales of software products embedded in the ABRS Machines.

5. Other net income

	Unaudited For the three months ended June 30	
	2007 HK\$'000	2006 <i>HK\$'000</i>
Available-for-sale equity securities: transfer from equity on disposal	123,268	—
Net realized and unrealized gain on trading securities	17,920	—
Exchange gain	501	—
Others	23	—
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	141,712	—
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6. Income tax

Income tax charged to the consolidated income statement represents:

	Unaudited For the three months ended June 30	
	2007 HK\$'000	2006 <i>HK\$'000</i>
Current tax – Outside Hong Kong		
PRC income tax for the period	4,914	3,083
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	4,914	3,083
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6. Income tax (continued)

(i) PRC income tax

The Group's subsidiaries in the PRC are subject to PRC income tax, at 33% or at a reduced rate of 15%.

One of the subsidiaries was registered in the Beijing Economic and Technology Development Zone and hence enjoys a preferential income tax rate of 15%. In accordance with the relevant tax rules and regulations in the PRC, the subsidiary was fully exempted from PRC income tax for the two years ended December 31, 2003 and entitled to a 50% reduction of PRC income tax for the three years ended December 31, 2006. In 2007, the subsidiary was accredited as a "foreign-invested advanced technology enterprise" and was granted a reduction in income tax rate from 15% to 10% for the three years ending December 31, 2009.

Another subsidiary of the Group, which was also registered in the Beijing Economic and Technology Development Zone and subject to an income tax rate of 15%, was fully exempted from PRC income tax for the two years ended December 31, 2005 and entitled to a 50% reduction of PRC income tax for the three years ending December 31, 2008.

On March 16, 2007, the Fifth Plenary Session of the Tenth National People's Congress passed the Corporate Income Tax Law of the People's Republic of China ("new tax law") which will take effect on January 1, 2008. From January 1, 2008, the income tax rate for the two subsidiaries mentioned above is expected to gradually increase to the standard rate of 25% over a five-year transition period. However, the new tax law has not set out the details as to how the existing preferential tax rate will gradually increase to the standard rate of 25%. The enactment of the new tax law is not expected to have any financial effect on the amounts accrued in the balance sheet in respect of current tax payable. The two subsidiaries mentioned above do not have material deferred tax assets and liabilities as at June 30, 2007.

The rest of the Group's subsidiaries in the PRC are currently subject to PRC income tax at a rate of 33%. As a result of the new tax law, it is expected that the income tax rate applicable to these subsidiaries will be reduced from 33% to 25% from January 1, 2008.

(ii) Hong Kong Profits Tax

No provision for Hong Kong Profits Tax was made for the three months ended June 30, 2007 (2006: Nil) as the Group did not have any profits assessable to Hong Kong Profits Tax during the period.

7. Dividend

The Directors do not recommend the payment of an interim dividend for the three months ended June 30, 2007 (2006: Nil).

8. Earnings per share

(i) Basic earnings per share

The calculation of basic earnings per share is based on the consolidated profit attributable to equity shareholders of the Company of \$183,203,000 (2006: \$41,744,000) divided by the weighted average number of 1,522,225,000 (2006: 1,459,578,000) ordinary shares in issue during the quarter under review, calculated as follows:

Weighted average number of ordinary shares

	2007 '000	2006 '000
Issued ordinary shares at April 1	1,522,225	1,276,211
Effect of shares issued	—	183,367
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Weighted average number of ordinary shares at June 30	1,522,225	1,459,578
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8. Earnings per share (continued)

(ii) Diluted earnings per share

The calculation of diluted earnings per share is based on the consolidated profit attributable to equity shareholders of \$183,420,000 (2006: \$42,695,000) and the weighted average number of 1,611,711,000 (2006: 1,540,055,000) ordinary shares in issue during the quarter under review after adjusting for the effect of all dilutive potential shares, calculated as follows:

Profit attributable to equity shareholders of the Company (diluted)

	Unaudited For the three months ended June 30	
	2007 HK\$'000	2006 HK\$'000
Profit attributable to equity shareholders	183,203	41,744
After tax effect of effective interest on liability component of convertible bonds	791	951
Dilutive impact on profit from deemed issue of ordinary shares of a subsidiary under the share option scheme of a subsidiary for nil consideration	(574)	—
Profit attributable to equity shareholders (diluted)	183,420	42,695

Weighted average number of ordinary shares (diluted)

	2007 '000	2006 '000
Weighted average number of ordinary shares at June 30	1,522,225	1,459,578
Effect of conversion of convertible bonds	52,632	61,053
Effect of deemed issue of ordinary shares under the Company's share option scheme for nil consideration	36,854	19,424
Weighted average number of ordinary shares (diluted) at June 30	1,611,711	1,540,055

9. Reserves

Unaudited
Attributable to equity shareholders of the Group

	Capital		Merger reserve	Exchange reserve	Surplus reserve	Capital reserve	Fair value reserve	Other reserve	Retained profits	Total
	Share premium	redemption reserve								
	HK\$'000	HK\$'000								
As at April 1, 2007	998,913	1,523	54,193	98,312	61,233	17,288	322,051	(173,998)	1,028,417	2,407,932
Changes in fair value of available-for-sale equity securities	—	—	—	—	—	—	82,341	—	—	82,341
Transfer to profit or loss on disposal of available-for-sale equity securities	—	—	—	—	—	—	(123,268)	—	—	(123,268)
Exchange differences	—	—	—	11,548	—	—	—	—	—	11,548
Equity-settled share-based transactions	—	—	—	—	—	1,033	—	—	—	1,033
Contribution from minority shareholders	—	—	—	—	—	—	—	47,795	—	47,795
Profit for the period	—	—	—	—	—	—	—	—	183,203	183,203
As at June 30, 2007	<u>998,913</u>	<u>1,523</u>	<u>54,193</u>	<u>109,860</u>	<u>61,233</u>	<u>18,321</u>	<u>281,124</u>	<u>(126,203)</u>	<u>1,211,620</u>	<u>2,610,584</u>
As at April 1, 2006	450,039	—	54,193	28,028	44,677	14,722	513,587	—	823,131	1,928,377
Premium arising from the placing of shares	581,495	—	—	—	—	—	—	—	—	581,495
Share issuance expenses	(18,976)	—	—	—	—	—	—	—	—	(18,976)
Changes in fair value of available-for-sale equity securities	—	—	—	—	—	—	(214,181)	—	—	(214,181)
Exchange differences	—	—	—	(855)	—	—	—	—	—	(855)
Equity-settled share-based transactions	—	—	—	—	—	934	—	—	—	934
Profit for the period	—	—	—	—	—	—	—	—	41,744	41,744
As at June 30, 2006	<u>1,012,558</u>	<u>—</u>	<u>54,193</u>	<u>27,173</u>	<u>44,677</u>	<u>15,656</u>	<u>299,406</u>	<u>—</u>	<u>864,875</u>	<u>2,318,538</u>

MANAGEMENT DISCUSSION AND ANALYSIS

Set out below are the financial highlights of the Group's operations for the period ended June 30, 2007:

	2007 HK\$'000	2006 HK\$'000	Change %
Turnover			
Medical Device	63,597	56,865	12%
Cord Blood Bank	25,096	13,377	88%
Chinese Herbal Medicine	1,318	1,588	(17%)
	<u>90,011</u>	<u>71,830</u>	25%
Profit/(Loss) Contributions			
Medical Device	45,234	38,562	17%
Cord Blood Bank	11,383	5,627	102%
Chinese Herbal Medicine	(9,821)	(9,677)	1%
Share of profits of an associate and a jointly controlled entities	12,864	13,296	(3%)
	<u>59,660</u>	<u>47,808</u>	25%
Less: Unallocated income and expenses	136,607	781	17,391%
Finance costs	(3,355)	(2,826)	19%
Profit before taxation	<u>192,912</u>	<u>45,763</u>	322%

BUSINESS REVIEW

Overview

Golden Meditech continued to deliver an outstanding performance during the first quarter of the financial year, which ended June 30, 2007. With the mainland economy booming and standard of living on the rise, Chinese consumers have become increasingly health-conscious, spurring substantial business growth for the Group.

Overall, the Group's growth remains strong and resilient, supported by a well-diversified range of business interests. The group's core businesses tap into diverse segments of the healthcare industry with unique client bases, and are at different stages of development.

The Cord Blood Bank Segment is currently in the take-off stage of its business development lifecycle. As the segment is experiencing rapid growth in business and valuation, it is becoming a significant contributor to the Group's overall earnings. During the period under review, the segment opened a new cord blood bank in Guangdong Province, which is expected to add to the growth momentum going forward. Meanwhile, the Medical Device Segment continued to be a solid cash flow generating business, serving as a buffer against which the Group can develop new business areas.

Cord Blood Bank Segment

The Cord Blood Bank Segment continued to generate tremendous growth during the first quarter. Turnover surged by 88% to HK\$25,096,000 compared with the same period last year, while operating profit rose by 102% to HK\$11,383,000.

Valuation surge of 567%

To fund business expansion, China Stem Cells Holdings Limited ("CSC") – the subsidiary under which the operations of the Cord Blood Bank Segment are held – conducted a new share issue in May 2007. Since Golden Meditech took over management of the business less than four years ago, the Cord Blood Bank Segment's valuation has risen dramatically, surging by 567% from US\$30 million to US\$200 million.

Expansion into Guangdong Province

The segment's new branch in Guangdong Province commenced operation in May 2007 and has been quick to build up momentum despite being the first service of its kind to be launched in Guangdong. The new branch has taken only two months to enroll approximately 200 customers, six months faster than it took for the Beijing blood bank to achieve the same target.

Guangdong is one of China's wealthiest provinces, with approximately one million births every year. In light of this, the management believes the new cord blood bank has even greater growth potential, and in time will generate even stronger income than the Beijing branch. To meet the potentially huge market demand in Guangdong, the segment is building a more advanced storage facility with a larger capacity.

The Medical Device Segment

The Chinese government continues to introduce new regulations and measures aimed at lifting standards and practices in the healthcare sector, and improving the national medical system. While these reforms have created challenges for the healthcare industry, the Medical Device Segment is still seeing growth. For the quarter under review, turnover stood at HK\$63,597,000, increasing by 12% compared with the same period last year, while operating profit amounted to HK\$45,234,000.

The sales of the Disposable Chambers used in our ABRS machines continued to rise steadily at a double digit growth rate, indicating that usage of our ABRS machines is growing nationwide.

Overall, the segment's sales growth has stabilized, although management expects the prospective launch of a new product in the near term will lead to an acceleration looking forward.

The Chinese Herbal Medicine Segment

The Chinese Herbal Medicine Segment is engaged in the development and manufacture of Chinese natural herbal medicines. TangHerb® is the first Chinese herbal medicine approved by the Chinese government for alleviating common symptoms of AIDS. The proprietary herbal formulation is also effective in improving the immunity and quality of life of both HIV carriers and AIDS patients. To cope with China's "Four Frees and One Care" Scheme, we currently supply TangHerb® to the central government and to charitable organizations.

During the period under review, the segment registered a minor setback due to a warehouse fire. Unusual weather conditions caused a short circuit to electrical wiring, which led to the outbreak of a minor fire. While the fire did not cause structural damage to the warehouse, finished stock of TangHerb® housed in the building suffered water damage.

However, with most of the damages resulting from the fire covered by insurance, the Group's direct financial losses were limited to approximately RMB440,000. In addition, the segment still managed to record turnover of HK\$1,318,000 for the quarter, despite partial disruptions in the supply of TangHerb® stock.

FINANCIAL REVIEW

Turnover

The Group continued to generate robust revenue growth and satisfactory returns during the quarter under review, in line with the management's expectations. Turnover came to HK\$90,011,000, which represented an increase of 25% compared with the same period last year.

After three consecutive years of rapid growth, the Cord Blood Bank Segment is becoming a significant revenue contributor, accounting for 28% of the Group's total turnover in the period under review. The management expects the segment to expand its contribution even further, as its new operation in Guangdong builds up growth momentum. The Medical Device Segment remained the Group's principal source of revenue, accounting for 71% of total turnover. The remainder came from the Chinese Herbal Medicine Segment.

The management anticipates the Cord Blood Bank Segment and Chinese Herbal Medicine Segment to account for an expanding proportion of total revenue going forward, while the Medical Device Segment continues to deliver a stable and significant level of cash.

Profit attributable to equity shareholders of the Company

During the quarter, profit attributable to equity shareholders of the Group amounted to HK\$183,203,000, representing a substantial increase of 339% compared with the corresponding period the previous financial year. This earnings growth was the result of organic business growth. In addition, it was boosted by interest income and gains made on trading securities.

Gross profit margin

The Group's overall gross margin was 62% during the quarter under review. The gross profit margins of both the Medical Device Segment and Cord Blood Bank Segment remained firm at high levels. Since the Chinese Herbal Medicine Segment generates lower margin than the other two, the Group's overall gross profit margin will be adjusted as the contribution from this segment to the Group's turnover continues to increase.

Selling and administrative expenses

Total selling and administrative expenses for the first quarter of the financial year amounted to HK\$22,934,000. The slight rise was mainly due to the increase in business activities and the number of staff across all operating units. The Group has always adhered to prudent cost controls and will continue to ensure expenses are kept at a reasonable level.

PROSPECTS

The Group has been gradually diversifying its businesses to ensure its overall growth remains robust. At the same time, each business is prudently expanding its product portfolio and service areas to maximize its first-mover advantage.

The Group is actively seeking to extend the Cord Blood Bank Segment's operations into more regions. The segment's entry into the Guangdong market in the first quarter of the financial year is only the first step in a long-term expansion plan.

Meanwhile, the research and development of a new herbal medicine by the Chinese Herbal Medicine Segment is proceeding on schedule. The new product has recently entered Phase II of clinical trials.

Chinese herbal medicine is credited with a number of advantages over conventional pharmaceuticals, including fewer side effects and lower toxicity. The Chinese Herbal Medicine Segment has a mission to optimize the efficacy and safety of Chinese herbal medicine through modern clinical methods, so the global market can benefit from these advantages in the treatment of common fatal illnesses.

In summary, the management has successfully laid solid foundations for the Group's future growth and remains committed to creating value for shareholders. The Group continues to be committed to ensuring each segment's intrinsic value is fully realized, in order to deliver sustainable returns to shareholders. At the same time, the Group remains devoted to contributing to the wider community through products and services that enhance human health and wellbeing.

DIRECTORS' AND CHIEF EXECUTIVES' INTERESTS AND SHORT POSITIONS IN THE SHARES AND UNDERLYING SHARES OF THE COMPANY AND ITS ASSOCIATED CORPORATION

As at June 30, 2007, the interests and short positions of the Directors and chief executives of the Company in the shares and, in respect of equity derivatives, underlying shares and debentures, of the Company and its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance ("SFO")) which were notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they are taken or deemed to have under such provisions of the SFO), or which were required, pursuant to section 352 of the SFO, to be entered in the register referred to therein, or which were required, pursuant to Rules 5.46 to 5.67 of the GEM Listing Rules, to be notified to the Company and the Stock Exchange are as follows:

(a) The Company

Name of directors	Capacity and nature of interests	Long position/(Short position) Number of ordinary shares of HK\$0.1 each			Approximate percentage of the Company's issued share capital
		Corporate interests	Number of underlying shares held under equity derivatives	Total interests	
Mr. KAM Yuen	Interest of controlled corporation	433,916,000 ⁽¹⁾ (61,832,000) ⁽²⁾	—	433,916,000 (61,832,000)	28.51% (4.06%)
	Beneficial owner	—	63,206,245 ⁽³⁾	63,206,245	4.15%
Mr. LU Tian Long	Beneficial owner	—	400,000 ⁽³⁾	400,000	0.03%
Ms. ZHENG Ting	Beneficial owner	—	2,000,000 ⁽³⁾	2,000,000	0.13%

Notes:

- (1) Mr. KAM Yuen is the sole beneficial shareholder of the issued share capital of Bio Garden Inc. ("Bio Garden"), a company incorporated in the British Virgin Islands ("BVI") which owned 433,916,000 shares of the Company as at June 30, 2007.
- (2) Mr. KAM Yuen was deemed under the SFO to have a short position in the shares by virtue of his interest in Bio Garden.
- (3) These interests represent the directors' beneficial interests in the underlying shares in respect of share options granted by the Company to the directors as beneficial owners, details of which are set out in the section headed "Share option schemes" below.

(b) **China Stem Cells Holdings Limited (“CSC”), a subsidiary of the Company**

Number of ordinary shares of US\$1 each

Name of directors	Capacity and nature of interests	Number of underlying shares held under equity derivatives	Total interests	Approximate percentage of the issued share capital of CSC
Mr. KAM Yuen	Beneficial owner	10,000 ⁽¹⁾	10,000	0.62%
Ms. ZHENG Ting	Beneficial owner	30,000 ⁽¹⁾	30,000	1.85%

Note:

- (1) These interests represent the directors’ beneficial interests in the underlying shares in respect of share options granted by CSC to the directors as beneficial owners, details of which are set out in the section headed “Share option schemes” below.

Save as disclosed above, as at June 30, 2007, none of the directors or the chief executives of the Company or their respective associates had any interests or short positions in the shares or, in respect of equity derivatives, underlying shares in, or debentures of, the Company or any of its associated corporation (within the meaning of Part XV of the SFO) which would have to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have under such provisions of the SFO) or which were required, pursuant to section 352 of the SFO, to be entered in the register referred to therein, or were required, pursuant to Rules 5.46 to 5.67 of the GEM Listing Rules, to be notified to the Company and the Stock Exchange.

SHARE OPTION SCHEMES

(a) Share option scheme of the Company

- Principal terms of the share option schemes of the Company are set out in note 36 to the financial statements as included in the annual report of the Company for the year ended March 31, 2007.
- A summary of movements of share options under the share option schemes of the Company for the three months ended June 30, 2007 is as follows:

Name of Directors and employees	Date of grant	Number of underlying shares in respect of which share options were outstanding as at April 1, 2007	Number of underlying shares in respect of which share options were outstanding as at June 30, 2007	Exercise price HK\$
Mr. KAM Yuen	March 30, 2005 ⁽¹⁾	63,206,245	63,206,245	1.76
Mr. LU Tian Long	March 4, 2005 ⁽²⁾	400,000	400,000	1.60
Ms. ZHENG Ting	March 4, 2005 ⁽²⁾	2,000,000	2,000,000	1.60
Full-time employees (other than directors)	March 4, 2005 ⁽²⁾	11,970,000	11,970,000	1.60
		77,576,245	77,576,245	

Notes:

- The share options are exercisable as to:
 - up to 20% immediately after 6 months from the date of grant;
 - up to 60% immediately after 18 months from the date of grant;
 - up to 100% immediately after 30 months from the date of grant; and
 - the share options will expire at the close of business on March 3, 2015.
- The share options are exercisable in full immediately after 3 months from the date of grant and will expire at the close of business on February 28, 2015.
- No share options granted under the share option schemes adopted by the Company on July 30, 2002 and March 30, 2005 respectively were exercised, cancelled or lapsed during the period ended June 30, 2007.

(b) Share option scheme of CSC

The Company's shareholders approved at the extraordinary general meeting held on September 21, 2006 the adoption of a share option scheme by a subsidiary, CSC (the "CSC Scheme"). The CSC Scheme became effective on September 21, 2006 (the "Effective Date").

A summary of movements of share options under the CSC Scheme for the three months ended June 30, 2007 is as follows:

Name of directors and employees	Date of grant	Number of	Number of	Exercise price HK\$
		underlying shares in respect of which share options were outstanding as at April 1, 2007	underlying shares in respect of which share options were outstanding as at June 30, 2007	
Mr. KAM Yuen	September 21, 2006(1)	10,000	10,000	450
Ms. ZHENG Ting	September 21, 2006(1)	30,000	30,000	450
Full-time employees (other than directors)	September 21, 2006(1)	60,000	60,000	450
		<u>100,000</u>	<u>100,000</u>	

Notes:

- (1) The share options are exercisable as to:
 - (i) up to 30% immediately after the Effective Date;
 - (ii) up to 60% immediately after 12 months from the Effective Date;
 - (iii) up to 100% immediately after 18 months from the Effective Date; and
 - (iv) the share options will expire at the close of business on August 27, 2016.
- (2) No share options granted under the CSC Scheme were exercised, cancelled or lapsed during the period ended June 30, 2007.

DIRECTORS' RIGHT TO ACQUIRE SHARES OR DEBENTURES

Apart from the share option schemes described above, at no time during the period under review was the Company or any of its subsidiaries a party to any arrangements to enable the Directors or chief executives of the Company or any of their spouses or children under eighteen years of age to acquire benefits by means of the acquisition of shares in, or in respect of equity derivatives, underlying shares in, or debentures of, the Company or any other body corporate and no Directors or chief executives or their respective spouses or their children under the eighteen years of age, had been granted any right to subscribe for equity or debt securities of the Company, nor had exercised any such right during the period under review.

SHAREHOLDERS' INTERESTS AND SHORT POSITIONS IN THE SHARES AND UNDERLYING SHARES OF THE COMPANY

As at June 30, 2007, the interests of the shareholders (not being Directors or chief executives of the Company) in the shares and underlying shares of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which were notified to the Company and the Stock Exchange pursuant to Divisions 2 and 3 of Part XV of the SFO and required to be entered in the register maintained by the Company pursuant to section 336 of the SFO are as follows:

(i) Long position/(Short position) of substantial shareholders

Name	Capacity and nature of interest	Number of issued shares	Approximate percentage of the Company's issued share capital
Bio Garden ⁽¹⁾	Beneficial owner	433,916,000 (61,832,000)	28.51% (4.06%)
Mr. Kent C. McCarthy ⁽²⁾	Interest of controlled corporation	287,309,735	18.87%
Jayhawk China Fund (Cayman), Ltd. ⁽²⁾	Investment manager	203,849,735	13.39%

Notes:

- (1) Bio Garden is an investment holding company incorporated in the BVI. Mr. KAM Yuen was the sole beneficial shareholder of the entire issued share capital of Bio Garden as at June 30, 2007.
- (2) The interests disclosed by Mr. Kent C. McCarthy include 203,849,735 shares of the Company held by Jayhawk China Fund (Cayman), Ltd.

(ii) **Long position of other persons who are required to disclose their interests**

Name of other persons who have more than 5% interest	Capacity and nature of interest	Number of issued shares	Approximate percentage of the Company's issued share capital
Wellington Management Company, LLP	Investment manager	76,289,000	5.01%

Save as disclosed above, as at June 30, 2007, the Directors are not aware of any other person or corporation having an interest or short position in the shares and underlying shares of the Company representing 5% or more of the issued share capital of the Company.

COMPETITION AND CONFLICT OF INTERESTS

None of the Directors, the management shareholders or substantial shareholders of the Company or any of their respective associates has engaged in any business that competes or may compete with the business of the Group or has any other conflicts of interest with the Group.

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES

During the period under review, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities.

SECURITIES TRANSACTIONS BY DIRECTORS

During the period under review, the Company has adopted the standards set out in Rules 5.48 to 5.67 of the GEM Listing Rules as the code of conduct regarding the Directors' securities transactions in securities of the Company. Having made specific enquiries of all Directors, all Directors confirmed that they have complied with, or they were not aware of any non-compliance with, the required standards of dealings.

AUDIT COMMITTEE

The Company has established an audit committee with written terms of reference. The primary duties of the audit committee are to review the Company's annual report, interim report and quarterly reports, the Group's financial control, internal control and risk management systems and to provide advice and comments thereon to the Board.

The audit committee, together with the management team of the Company, has reviewed the accounting principles and practices adopted by the Group and discussed accounting issues, internal control and financial reporting matters with the Directors, including a review of the unaudited first quarterly report for the three months ended June 30, 2007.

By order of the Board
KAM Yuen
Chairman

HONG KONG, August 14, 2007

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 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>.

GLOSSARY

Terms used	Brief description
<i>General</i>	
Company	Golden Meditech Company Limited.
Group	Golden Meditech Company Limited, together with its subsidiaries.
Subsidiary	A company in which the Group, directly or indirectly, holds more than half of the issued share capital or controls more than half the voting power or controls the composition of the board of directors. Subsidiaries are considered to be controlled if the company has the power, directly or indirectly, to govern the financial and operating policies, so as to obtain benefits from their activities.
Associate	A company in which the Group has significant influence, but not control or joint control, over its management, including participation in the financial and operating policy decisions.
Jointly Control Entity	A company which operates under a contractual arrangement between the Group and other parties, where the contractual agreement establishes that the Group and one or more of the other party share joint control over the economic activity of the Company.
Director(s)	The director(s) of the Company.
PRC/China	The People's Republic of China, excluding Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan.
Stock Exchange	The Stock Exchange of Hong Kong Limited.
GEM	The Growth Enterprise Market operated by the Stock Exchange.

HK\$	The Hong Kong dollar, the currency of Hong Kong.
RMB	Chinese Renminbi Yuan, the currency of China.
SFDA	The State Food and Drug Administration of China.
Shareholder(s)	Holder(s) of Shares.
Shares	Ordinary shares of HK\$0.10 each in the capital of the Company.

Medical Device Segment

Autologous Blood Recovery System	A hi-tech medical device that collects, filtrates, separates, cleanses, and re- infuses a patient's own blood lost during an accident or operation, replacing traditional blood transfusion. Its main components are the machine and the disposable chambers.
ABRS Machine	The machine of Autologous Blood Recovery System, including the models for hospital and outdoor use.
Disposable Chamber	The disposable blood processing chamber and related accessories. These are used once per operation for blood processing and recycling, and cannot be reused.

Cord Blood Bank Segment

CSC	China Stem Cells Holdings Limited, an indirectly owned subsidiary of the Company. Its main operation is the provision of blood stem cell storage facilities and accessory services.
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Blood stem cells	Hematopoietic stem cells, from which all hematopoietic and immune cell type are derived. They can develop into red blood cells, white blood cells and platelets, are self-regenerative and have a multi- differentiation and homing tendency (i.e. oriented migration to hematopoietic tissues or organs). They are found mainly in bone marrow, umbilical cord blood and peripheral blood.
Cord blood	The blood left in the umbilical cord and placenta after the umbilical cord of a newborn baby is clamped.
Cord blood bank	A professional medical institution offering extraction and banking services for cord blood hematopoietic stem cells and answering patients' enquiries on transplant matching.
Storage of blood stem cells	Cryopreserving, or preserving by freezing, blood stem cells in liquid nitrogen at -196°C for a long period of time.

Chinese Herbal Medicine Segment

TangHerb®	First proprietary Chinese herbal medicine approved by the SFDA to alleviate AIDS symptoms.
CD4 cell	Also called a T-cell, a key immune cell of the immune system.