
THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

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If you are in any doubt as to any aspect of this circular or as to the action to be taken, you should consult a stockbroker or other registered dealer in securities, bank manager, solicitor, professional accountant, or other professional adviser.

If you have sold or transferred all your shares in Golden Meditech Company Limited (the “Company”), you should at once hand this circular to the purchaser or transferee or to the bank, stockbroker or other agent through whom the sale or transfer was effected for transmission to the purchaser or transferee.

**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)****SCRIP DIVIDEND SCHEME IN RELATION TO
FINAL DIVIDEND FOR THE YEAR ENDED 31 MARCH 2007**

This circular, for which the directors of the Company (the “Directors”) collectively and individually accept full responsibility, includes particulars given in compliance with the Rules (the “GEM Listing Rules”) Governing the Listing of Securities on the Growth Enterprise Market (the “GEM”) of the Stock Exchange 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 circular 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 circular misleading; and
- (c) all opinions expressed in this circular have been arrived at after due and careful consideration and are founded on bases and assumptions that are fair and reasonable.

This circular will remain on the GEM website at <http://www.hkgem.com> on the “Latest Company Announcements” page for at least 7 days from the date of its posting and on the Company’s website at <http://www.goldenmeditech.com>.

5 September 2007

CHARACTERISTICS OF GEM

GEM has been established as a market designed to accommodate companies to which a high investment risk may be attached. In particular, companies may list on GEM with neither a track record of profitability nor any obligation to forecast future profitability. Furthermore, there may be risks arising out of the emerging nature of companies listed on GEM and the business sectors or countries in which the companies operate. Prospective investors should be aware of the potential risks of investing in such companies and should make the decision to invest only after due and careful consideration. The greater risk profile and other characteristics of GEM mean that it is a market more suited to professional and other sophisticated investors.

Given the emerging nature of companies listed on GEM, there is a risk that securities traded on GEM may be more susceptible to high market volatility than securities traded on the Main Board and no assurance is given that there will be a liquid market in the securities traded on GEM.

The principal means of information dissemination on GEM is publication on the GEM website operated by the Stock Exchange. Listed companies are not generally required to issue paid announcements in gazetted newspapers. Accordingly, prospective investors should note that they need to have access to the GEM website in order to obtain up-to-date information on GEM-listed issuers.

LETTER FROM THE CHAIRMAN



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)

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KAM Yuen (*Chairman*)

LU Tian Long

JIN Lu

ZHENG Ting

Independent Non-executive Directors:

CAO Gang

GAO Zong Ze

GU Qiao

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Central, Hong Kong

5 September 2007

*To the shareholders and
for information only, optionholders*

Dear Sir or Madam,

**SCRIP DIVIDEND SCHEME IN RELATION TO
FINAL DIVIDEND FOR THE YEAR ENDED 31 MARCH 2007**

1. INTRODUCTION

On 25 June 2007, the Directors announced their recommendation of a final dividend for the year ended 31 March 2007 (the “2007 Final Dividend”) of HK3.1 cents per share of HK\$0.10 each in the capital of the Company (the “Share”). The Directors also recommended that the 2007 Final Dividend

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be satisfied in cash, with an option to receive a scrip dividend of Shares (the “New Shares”), in whole or in part, and be payable to the shareholders of the Company (the “Shareholders”) whose names were recorded on the Company’s register of members as at the close of business on Monday, 3 September 2007 (the “Record Date”) (the “Scrip Dividend Scheme”). At the annual general meeting of the Company held on Monday, 3 September 2007 (the “AGM”), the 2007 Final Dividend was approved by the Shareholders. Accordingly, Shareholders who are eligible to receive the 2007 Final Dividend may exercise their option to receive an allotment of New Shares credited as fully paid in lieu of cash.

In addition, the Directors are offering Shareholders the right to choose to receive New Shares instead of cash for future dividends declared after the 2007 Final Dividend (including any final and/or interim dividends) if a share alternative is available, until such Shareholders provide Computershare Hong Kong Investor Services Limited, the Company’s branch share registrar and transfer office in Hong Kong (the “Branch Registrar”), with notice in writing that they no longer wish to receive New Shares.

The purpose of this circular is to set out the procedures which apply in relation to the Scrip Dividend Scheme and the action which should be taken by Shareholders in relation thereto.

2. DETAILS OF THE SCRIP DIVIDEND SCHEME

Under the Scrip Dividend Scheme, each Shareholder has the choice of receiving:

- (i) a cash dividend of HK3.1 cents for each Share held on the Record Date; or
- (ii) an allotment of New Shares credited as fully paid and having a discounted market value (as determined below) equal to, save for adjustment for fractions, the total amount of the Final Dividend which such Shareholder could elect to receive in cash; or
- (iii) partly in cash and partly in New Shares.

The discounted market value for calculating the number of New Shares to be allotted to the Shareholders pursuant to the Scrip Dividend Scheme is HK\$3.4865 per New Share which is the average closing price of HK\$3.67 of one Share on the Stock Exchange for the five consecutive trading days beginning 28 August 2007 and ending 3 September 2007, both days inclusive, less 5% discount.

Accordingly, the number of New Shares which each Shareholder will receive, in respect of Shares registered in his/her name as at the Record Date and for which election to receive New Shares is made, will be calculated as follows:

$$\begin{array}{l} \text{Number of New Shares} \\ \text{to be received} \end{array} = \begin{array}{l} \text{Number of Shares held on} \\ \text{Record Date for which} \\ \text{New Share election is made} \end{array} \times \frac{\text{HK\$0.031}}{\text{HK\$3.4865}}$$

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The number of New Shares to be issued will be rounded down to the nearest whole number. Fractional entitlements to New Shares in respect of alternatives (ii) and (iii) above will not be issued to Shareholders but will be aggregated and sold and the benefit thereof will accrue to the Company.

The New Shares to be issued pursuant to the Scrip Dividend Scheme will rank pari passu in all respects with the Shares existing as at the date of issue except that they shall not rank for the 2007 Final Dividend.

3. ADVANTAGES OF THE SCRIP DIVIDEND SCHEME

The Scrip Dividend Scheme will give Shareholders the opportunity to increase their investment in the Company at a 5% discount to market value and without incurring brokerage, stamp duty or dealing costs. The Scrip Dividend Scheme will also be to the advantage of the Company because, to the extent that Shareholders elect to receive New Shares, in whole or in part, such cash as would otherwise have been paid to Shareholders will be retained for use as working capital by the Company.

4. EFFECT OF THE SCRIP DIVIDEND SCHEME

If no elections for the New Shares were received, the total cash dividend payable by the Company would be HK\$47,188,960, on the basis of 1,522,224,507 Shares in issue as at the Record Date.

For illustrative purposes only, if all Shareholders choose to receive New Shares, the Company would issue approximately 13,534,765 New Shares based on 1,522,224,507 Shares in issue as at the Record Date. Such New Shares will represent approximately 0.8891% of the existing issued share capital of the Company and approximately 0.8813% of the then issued share capital of the Company as enlarged by the issue of the New Shares.

Shareholders should note that the New Shares to be issued pursuant to the Scrip Dividend Scheme may give rise to discloseable requirements under the provisions of Divisions 2 and 3 of Part XV of the Securities and Futures Ordinance (Chapter 571 of the Laws of the Hong Kong Special Administrative Region of the People's Republic of China ("Hong Kong")). **Shareholders who are in any doubt as to how these provisions may affect them as a result of the New Shares arising from the Scrip Dividend Scheme are recommended to seek their own professional advice.**

5. ACTION TO BE TAKEN

A. If you have already given standing instructions under any prior scrip dividend scheme of the Company to receive only New Shares in respect of future dividends

No Election Form is being sent to Shareholders who have already given standing instructions under any prior scrip dividend scheme of the Company to receive only New Shares in respect of future dividends. If you have already given such standing instructions, you need to take no further action if you wish to receive only New Shares for the 2007 Final Dividend. If you have

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already given standing instructions to receive only New Shares in respect of future dividends but you wish to receive only cash for the 2007 Final Dividend and all future final and interim dividends, a letter revoking your standing instructions must be received by the Branch Registrar by 4:30 p.m. on Thursday, 20 September 2007. If you have already given standing instructions to receive only New Shares in respect of future dividends but you wish to receive New Shares in respect of only part of the 2007 Final Dividend, a letter revoking your standing instructions together with a duly completed Election Form (completed in accordance with the instructions printed on the Election Form) must be received by the Branch Registrar by 4:30 p.m. on Thursday, 20 September 2007. In order to meet this deadline please make sure you ask the Branch Registrar for an Election Form in time to return it to them by 4:30 p.m. on Thursday, 20 September 2007.

B. If you have NOT previously given standing instructions under any prior scrip dividend scheme of the Company to receive New Shares in respect of future dividends

If you have not previously given standing instructions under any prior scrip dividend scheme of the Company to receive New Shares in respect of future dividends, an Election Form is enclosed with this circular. Please read carefully the instructions below and the instructions printed on the Election Form.

If you elect to receive the 2007 Final Dividend wholly in cash, you do not need to take any action.

If you elect to receive an allotment of New Shares, or partly in cash and partly in New Shares, you must complete the enclosed Election Form. If you have signed the Election Form but do not specify the number of Shares in respect of which you are entitled to receive New Shares under the Scrip Dividend Scheme, or if you elect to receive New Shares in respect of a greater number of Shares than your registered holding on the Record Date, then in either case you will be deemed to have elected to receive New Shares in respect of all the Shares then registered in your name.

Shareholders who elect to receive the 2007 Final Dividend in the form of New Shares (wholly or partly) may also elect to receive all future dividends, which are declared in cash with an option to receive New Shares, wholly in the form of New Shares by completing Box D in the Election Form. Such election may be revoked by giving notice in writing to the Branch Registrar. Election forms in respect of future dividends will not be sent to Shareholders who have made such election unless they notify the Branch Registrar in writing that they no longer wish to receive New Shares.

The Election Form must be completed in accordance with the instructions printed thereon, signed and returned to the Branch Registrar at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong by 4:30 p.m. on Thursday, 20 September 2007. No election in respect of the 2007 Final Dividend may, after the relevant Election Form is received by the Branch Registrar, be in any way withdrawn, revoked, superseded or altered.

No acknowledgment of receipt of the said Election Form will be issued. If the Branch Registrar does not receive your completed and signed Election Form by 4:30 p.m. on Thursday, 20 September 2007, you will be deemed to have elected to receive the 2007 Final Dividend wholly in cash.

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6. SHAREHOLDERS RESIDENT OUTSIDE HONG KONG

The Company is not aware that it has any Shareholder with a registered address outside Hong Kong as at the Record Date. Accordingly there will not be any legal restriction or statutory requirement outside Hong Kong in allowing Shareholders to participate in the Scrip Dividend Scheme.

This circular and the Election Form will not be registered in Hong Kong or in any other jurisdiction.

7. LISTING AND DEALINGS

Application will be made to the GEM Listing Committee of the Stock Exchange for approval for the listing of, and permission to deal in, the New Shares to be issued pursuant to the Scrip Dividend Scheme. It is expected that definitive certificates for the New Shares and cheques for cash dividends will be posted to those entitled thereto at their own risk on or around Friday, 28 September 2007. Dealings in the New Shares should begin on or around Wednesday, 3 October 2007. The Scrip Dividend Scheme is conditional upon the GEM Listing Committee of the Stock Exchange granting listing of, and permission to deal in, the New Shares. If the New Shares are not listed on the GEM of the Stock Exchange, the Company will not issue any New Shares and you will receive all of your 2007 Final Dividend in cash.

Subject to the granting of listing of, and permission to deal in, the New Shares issued pursuant to the Scrip Dividend Scheme on the GEM of the Stock Exchange, such New Shares will be accepted as eligible securities by Hong Kong Securities Clearing Company Limited (“HKSCC”) for deposit, clearance and settlement in the Central Clearing and Settlement System (“CCASS”) established and operated by HKSCC. All activities under CCASS are subject to the General Rules of CCASS and CCASS Operational Procedures in effect from time to time. Dealing in the New Shares may be settled through CCASS and you should seek the advice of your stockbroker or other professional adviser for details of these settlement arrangements and how such settlement arrangements will affect your rights and interests.

The primary listing of the existing Shares is on the GEM of the Stock Exchange, and there is no official secondary listing of the existing Shares or debt securities of the Company on any other stock exchange. No listing of, or permission to deal in, any of the existing Shares and/or New Shares and/or debt securities of the Company on any stock exchange other than the GEM of the Stock Exchange is being or is proposed to be sought.

New Shares issued to Shareholders pursuant to an election to receive some or all of their 2007 Final Dividend in New Shares may be allocated in odd lots. No special arrangements will be put in place by the Company to facilitate the trading or disposal of New Shares issued in odd lots. Shareholders should be aware that odd lots usually trade at a discount to the price of board lots.

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8. ADJUSTMENTS IN RELATION TO SHARE OPTIONS GRANTED UNDER THE COMPANY'S SHARE OPTION SCHEMES

In accordance with the terms of the share option schemes adopted by the Company on 30 July 2002 (such scheme was terminated on 30 March 2005) and 30 March 2005 respectively (together, the "Schemes"), the Scrip Dividend Scheme may result in adjustments to the subscription price of and/or the number of Shares subject to the share options which have been granted under the Schemes as such share options or part thereof remain unexercised. If and when any adjustments have to be made, the Company will make further announcement in relation thereto and will give notification to the option holders and in accordance with the Schemes may call in option certificates for endorsement or replacement.

9. GENERAL

Whether or not it is to your advantage to receive the New Shares or cash, in whole or in part, depends upon your own individual circumstances and the decision in this regard and all effects resulting therefrom are your own responsibility. Shareholders who are trustees are recommended to take professional advice as to whether the choice of New Shares is within their powers and as to its effect having regard to the terms of the relevant trust instrument.

Yours faithfully,
KAM Yuen
Chairman