



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)

INTERIM RESULTS ANNOUNCEMENT
FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2007

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This announcement, for which the directors (the "Directors") of Golden Meditech Company Limited (the "Company") collectively and individually accept full responsibility, includes particulars given in compliance with the Rules Governing the Listing of Securities on the GEM of the Stock Exchange (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 announcement 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 announcement misleading; and 3. 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.

INTERIM FINANCIAL STATEMENTS

The board of Directors (the “Board”) of the Company is pleased to announce the unaudited consolidated results of the Group for the six months ended September 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 September 30		Unaudited For the six months ended September 30	
	Note	2007 HK\$'000	2006 HK\$'000	2007 HK\$'000	2006 HK\$'000
Turnover	2	103,048	84,183	193,059	156,013
Cost of sales		(35,316)	(30,054)	(69,404)	(56,925)
Gross profit		67,732	54,129	123,655	99,088
Other revenue	4	16,214	12,178	24,916	23,053
Other net income	5	25,073	383	166,785	383
Selling expenses		(8,313)	(4,756)	(13,910)	(8,978)
Administrative expenses		(21,863)	(12,897)	(39,200)	(29,216)
Profit from operations		78,843	49,037	262,246	84,330
Finance costs	6(a)	(6,287)	(2,705)	(9,642)	(5,531)
Share of profits of an associate		908	110	1,287	229
Share of profits of a jointly-controlled entity		58,361	10,370	70,846	23,547
Profit before taxation	6	131,825	56,812	324,737	102,575
Income tax	7	(5,500)	(3,134)	(10,414)	(6,217)
Profit for the period		126,325	53,678	314,323	96,358
Attributable to:					
Equity shareholders of the Company		120,951	49,446	304,154	91,190
Minority interests		5,374	4,232	10,169	5,168
		126,325	53,678	314,323	96,358
Earnings per share					
– Basic	9	7.89 cents	3.24 cents	19.91 cents	6.11 cents
– Diluted	9	7.49 cents	3.16 cents	18.84 cents	5.93 cents

The notes on pages 9 to 26 form part of these interim financial statements.

CONSOLIDATED BALANCE SHEET

	<i>Note</i>	Unaudited September 30 2007 HK\$'000	Audited March 31 2007 HK\$'000
Non-current assets			
Fixed assets	10		
– Property, plant and equipment		356,691	267,838
– Interest in leasehold land held for own use under operating leases		5,260	5,293
		361,951	273,131
Intangible assets		525,845	516,581
Goodwill		74,450	74,450
Interests in an associate		33,494	33,345
Interests in a jointly-controlled entity		575,356	504,509
Available-for-sale equity securities		551,203	561,936
Non-current trade receivables		16,507	11,824
Non-current prepayments		119,758	65,183
Non-current deposit		31,013	—
Deferred tax assets		8,847	8,652
		2,298,424	2,049,611
Current assets			
Trading securities		15,567	6,417
Inventories	11	45,004	35,760
Trade receivables	12	197,087	166,544
Other receivables, deposits and prepayments		423,668	97,480
Cash and bank balances		902,330	688,226
		1,583,656	994,427
Current liabilities			
Trade payables	13	34,551	31,399
Other payables and accruals	14	138,145	37,216
Bank loans	15	9,000	110,122
Current taxation		3,529	5,637
Convertible bonds	16	—	98,836
		185,225	283,210
Net current assets		1,398,431	711,217
Total assets less current liabilities		3,696,855	2,760,828

CONSOLIDATED BALANCE SHEET (continued)

	<i>Note</i>	Unaudited September 30 2007 HK\$'000	Audited March 31 2007 HK\$'000
Non-current liabilities			
Deferred income		53,632	35,161
Other non-current liabilities		6,879	3,160
Government grant		207	202
Bank loan	15	337,402	—
		398,120	38,523
NET ASSETS		3,298,735	2,722,305
CAPITAL AND RESERVES			
Share capital	17	157,706	152,222
Reserves		2,849,927	2,407,932
Total equity attributable to equity shareholders of the Company		3,007,633	2,560,154
Minority interests		291,102	162,151
TOTAL EQUITY		3,298,735	2,722,305

The notes on pages 9 to 26 form part of these interim financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Unaudited

	Attributable to equity shareholders of the Company												
	Share capital	Capital			Exchange reserve	Surplus reserve	Capital reserve	Fair value reserve	Other reserve	Retained profits	Total	Minority interests	Total equity
		Share premium	redemption reserve	Merger reserve									
HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	
As at April 1, 2007	152,222	998,913	1,523	54,193	98,312	61,233	17,288	322,051	(173,998)	1,028,417	2,560,154	162,151	2,722,305
Changes in fair value of available-for-sale equity securities	-	-	-	-	-	-	-	256,577	-	-	256,577	-	256,577
Transfer to profit or loss on disposal of available-for-sale equity securities	-	-	-	-	-	-	-	(262,554)	-	-	(262,554)	-	(262,554)
Shares issued upon conversion of convertible bonds	5,263	101,205	-	-	-	-	(6,740)	-	-	-	99,728	-	99,728
Issue of shares for scrip dividend	242	8,187	-	-	-	-	-	-	-	-	8,429	-	8,429
Shares repurchased	(21)	(533)	21	-	-	-	-	-	-	(21)	(554)	-	(554)
Contribution from minority shareholders	-	-	-	-	-	-	-	-	62,713	-	62,713	116,172	178,885
Disposal of interests in a subsidiary	-	-	-	-	-	-	-	-	4,371	-	4,371	2,610	6,981
Exchange differences	-	-	-	-	18,057	-	-	-	-	-	18,057	-	18,057
Equity-settled share-based transactions	-	-	-	-	-	-	3,747	-	-	-	3,747	-	3,747
Profit for the period	-	-	-	-	-	-	-	-	-	304,154	304,154	10,169	314,323
Dividend	-	-	-	-	-	-	-	-	-	(47,189)	(47,189)	-	(47,189)
As at September 30, 2007	<u>157,706</u>	<u>1,107,772</u>	<u>1,544</u>	<u>54,193</u>	<u>116,369</u>	<u>61,233</u>	<u>14,295</u>	<u>316,074</u>	<u>(106,914)</u>	<u>1,285,361</u>	<u>3,007,633</u>	<u>291,102</u>	<u>3,298,735</u>
As at April 1, 2006	127,621	450,039	-	54,193	28,028	44,677	14,722	513,587	-	823,131	2,055,998	49,049	2,105,047
Changes in fair value of available-for-sale equity securities	-	-	-	-	-	-	-	(145,753)	-	-	(145,753)	-	(145,753)
Issue of shares on placement	25,282	581,495	-	-	-	-	-	-	-	-	606,777	-	606,777
Share issuance expenses	-	(19,254)	-	-	-	-	-	-	-	-	(19,254)	-	(19,254)
Shares repurchased and cancelled	(1,266)	(23,625)	1,266	-	-	-	-	-	-	(1,266)	(24,891)	-	(24,891)
Acquisition of additional interests in a subsidiary	-	-	-	-	-	-	-	-	-	-	-	11,525	11,525
Exchange differences	-	-	-	-	11,129	-	-	-	-	-	11,129	-	11,129
Equity-settled share-based transactions	-	-	-	-	-	-	2,031	-	-	-	2,031	-	2,031
Profit for the period	-	-	-	-	-	-	-	-	-	91,190	91,190	5,168	96,358
As at September 30, 2006	<u>151,637</u>	<u>988,655</u>	<u>1,266</u>	<u>54,193</u>	<u>39,157</u>	<u>44,677</u>	<u>16,753</u>	<u>367,834</u>	<u>-</u>	<u>913,055</u>	<u>2,577,227</u>	<u>65,742</u>	<u>2,642,969</u>

The notes on pages 9 to 26 form part of these interim financial statements.

CONDENSED CONSOLIDATED CASH FLOW STATEMENT

Unaudited
For the six months
ended September 30

	2007	2006
	HK\$'000	HK\$'000
Net cash (outflow)/inflow from operating activities	(177,934)	302,356
Net cash inflow/(outflow) from investing activities	32,649	<u>(525,750)</u>
Net cash outflow before financing	(145,285)	(223,394)
Net cash inflow from financing	358,333	<u>535,255</u>
Net increase in cash and cash equivalents	213,048	311,861
Cash and cash equivalents as at April 1	688,226	481,666
Effect of foreign exchange rates changes	1,056	<u>3,570</u>
Cash and cash equivalents as at September 30	902,330	<u>797,097</u>

The notes on pages 9 to 26 form part of these interim financial statements.

NOTES TO THE INTERIM FINANCIAL STATEMENTS

1. Basis of preparation and accounting policies

The interim financial statements have been prepared in accordance with Hong Kong Accounting Standards (“HKAS”) 34 “Interim Financial Reporting” issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”) and the applicable disclosure requirements of the GEM Listing Rules.

The unaudited consolidated results have been prepared under historical cost convention except for certain financial instruments, which are measured at fair values.

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 consolidated annual financial statements of the Group for the year ended March 31, 2007, except in relation to the following new and revised Hong Kong Financial Reporting Standards (“HKFRSs”, which also include HKASs and Interpretations) that affect the Group and are adopted by the Group for the first time for the current period’s financial statements:

HKFRS 7	Financial instruments: disclosures
Amendments to HKAS 1	Presentation of financial statements: capital disclosure

The adoption of the above HKFRSs has had no material impact on the Group’s results of operations or financial position.

2. Turnover

The Group is principally engaged in the manufacture and sales of autologous blood recovery machines (“ABRS Machines”) and 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 the 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 September 30		Unaudited For the six months ended September 30	
	2007 HK\$'000	2006 HK\$'000	2007 HK\$'000	2006 HK\$'000
Sales of ABRS Machines	59,079	52,701	109,089	97,799
Sales of Disposable Chambers	14,247	12,209	27,834	23,976
Cord Blood Bank services	28,017	16,604	53,113	29,981
Sales of proprietary Chinese herbal medicines	1,705	2,669	3,023	4,257
	<u>103,048</u>	<u>84,183</u>	<u>193,059</u>	<u>156,013</u>

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;
- 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.

3. Segment information (continued)

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

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

	Unaudited For the six months ended September 30, 2007 HK\$'000			
	Medical Device Segment	Cord Blood Bank Segment	Chinese Herbal Medicine Segment	Consolidated
Turnover	<u>136,923</u>	<u>53,113</u>	<u>3,023</u>	<u>193,059</u>
Segment results	<u>96,244</u>	<u>23,540</u>	<u>(19,138)</u>	<u>100,646</u>
Unallocated income and expenses				<u>161,600</u>
Profit from operations				<u>262,246</u>
Finance costs				<u>(9,642)</u>
Share of profits of an associate and a jointly-controlled entity				<u>72,133</u>
Profit before taxation				<u>324,737</u>
Income tax				<u>(10,414)</u>
Profit for the period				<u>314,323</u>
Attributable to:				
Equity shareholders of the Company				<u>304,154</u>
Minority interests				<u>10,169</u>
				<u>314,323</u>

3. Segment information (continued)

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

	Unaudited For the six months ended September 30, 2006 HK\$'000			
	Medical Device Segment	Cord Blood Bank Segment	Chinese Herbal Medicine Segment	Consolidated
Turnover	<u>121,775</u>	<u>29,981</u>	<u>4,257</u>	<u>156,013</u>
Segment results	<u>84,160</u>	<u>12,930</u>	<u>(15,862)</u>	81,228
Unallocated income and expenses				<u>3,102</u>
Profit from operations				84,330
Finance costs				(5,531)
Share of profits of an associate and a jointly-controlled entity				<u>23,776</u>
Profit before taxation				102,575
Income tax				<u>(6,217)</u>
Profit for the period				<u>96,358</u>
Attributable to:				
Equity shareholders of the Company				91,190
Minority interests				<u>5,168</u>
				<u>96,358</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 September 30		Unaudited For the six months ended September 30	
	2007 HK\$'000	2006 HK\$'000	2007 HK\$'000	2006 HK\$'000
Interest income	9,823	7,846	14,431	15,007
Dividend income	1,508	—	1,508	—
VAT refund (<i>Note</i>)	4,883	4,332	8,977	8,046
	<u>16,214</u>	<u>12,178</u>	<u>24,916</u>	<u>23,053</u>

Note:

Pursuant to the relevant PRC 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 September 30		Unaudited For the six months ended September 30	
	2007 HK\$'000	2006 HK\$'000	2007 HK\$'000	2006 HK\$'000
Available-for-sale equity securities:				
– transfer from equity on disposal	139,286	—	262,554	—
– net realized and unrealized loss on derivative financial instruments	(115,130)	—	(100,343)	—
Net realized and unrealized gain on trading securities	1,799	—	4,932	—
Net exchange (loss)/gain	(761)	383	(260)	383
Others	(121)	—	(98)	—
	<u>25,073</u>	<u>383</u>	<u>166,785</u>	<u>383</u>

6. Profit before taxation

Profit before taxation is arrived at after charging:

	Unaudited For the three months ended September 30		Unaudited For the six months ended September 30	
	2007 HK\$'000	2006 HK\$'000	2007 HK\$'000	2006 HK\$'000
Charging:				
(a) Finance costs:				
Interest on bank loans wholly repayable within five years	5,636	1,638	8,087	3,410
Interest on convertible bonds	513	962	1,304	1,913
Other borrowing costs	138	105	251	208
	<u>6,287</u>	<u>2,705</u>	<u>9,642</u>	<u>5,531</u>
(b) Staff costs:				
Salaries, wages and other benefits	8,743	5,276	16,846	10,214
Contributions to defined contribution plans	1,390	513	1,940	1,023
Equity-settled share-based payment expenses	2,714	1,097	3,747	2,031
	<u>12,847</u>	<u>6,886</u>	<u>22,533</u>	<u>13,268</u>
(c) Other items:				
Cost of inventories	27,539	23,812	54,161	44,441
Amortization of intangible assets	7,777	6,242	15,243	12,484
Depreciation	6,364	4,050	12,118	8,125
Operating lease charges				
– in respect of properties	2,009	520	3,548	1,297
– in respect of other assets	–	110	–	227
Research and development costs	2,069	1,251	2,818	3,930

7. Income tax

Taxation charged to the consolidated income statement represents:

	Unaudited		Unaudited	
	For the three months		For the six months	
	ended September 30		ended September 30	
	2007	2006	2007	2006
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Current tax – Outside Hong Kong				
PRC income tax for the period	5,500	3,134	10,414	6,217

(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 September 30, 2007.

7. Income tax (continued)

(i) PRC income tax (continued)

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 six months ended September 30, 2007 (2006: Nil) as the Group did not have any profits assessable to Hong Kong Profits Tax during the period.

8. Dividend

	Unaudited For the three months ended September 30		Unaudited For the six months ended September 30	
	2007 HK\$'000	2006 HK\$'000	2007 HK\$'000	2006 HK\$'000
Final dividend in respect of the previous financial year, approved and paid during the period, of HK3.1 cents per share (2006: Nil)	47,189	—	47,189	—

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

9. 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 divided by the weighted average number of ordinary shares in issue during the period, calculated as follows:

	Unaudited		Unaudited	
	For the three months ended September 30		For the six months ended September 30	
	2007	2006	2007	2006
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Profit attributable to equity shareholders	120,951	49,446	304,154	91,190
	'000	'000	'000	'000
Weighted average number of ordinary shares in issue	1,532,508	1,523,909	1,527,394	1,491,919
Basic earnings per share (HK cents)	7.89	3.24	19.91	6.11

9. 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 (diluted) and the weighted average number of ordinary shares (diluted) in issue during the period 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		Unaudited	
	For the three months		For the six months	
	ended September 30		ended September 30	
	2007	2006	2007	2006
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Profit attributable to equity shareholders	120,951	49,446	304,154	91,190
After tax effect of effective interest on liability component of convertible bonds	513	962	1,304	1,913
Dilutive impact on profit from deemed issue of ordinary shares of a subsidiary under the share option scheme of a subsidiary for nil consideration	(555)	—	(1,148)	—
Profit attributable to equity shareholders (diluted)	<u>120,909</u>	<u>50,408</u>	<u>304,310</u>	<u>93,103</u>

9. Earnings per share (continued)

(ii) Diluted earnings per share (continued)

Weighted average number of ordinary shares (diluted)

	Unaudited For the three months ended September 30		Unaudited For the six months ended September 30	
	2007 '000	2006 '000	2007 '000	2006 '000
Weighted average number of ordinary shares at September 30	1,532,508	1,523,909	1,527,394	1,491,919
Effect of conversion of convertible bonds	42,334	61,053	47,455	61,053
Effect of deemed issue of ordinary shares under the Company's share option scheme for nil consideration	40,323	12,069	40,554	15,965
Weighted average number of ordinary shares (diluted) at September 30	<u>1,615,165</u>	<u>1,597,031</u>	<u>1,615,403</u>	<u>1,568,937</u>
Diluted earnings per share (HK cents)	<u>7.49</u>	<u>3.16</u>	<u>18.84</u>	<u>5.93</u>

10. Property, plant and equipment and Interest in leasehold land held for own use under operating leases

The changes in property, plant and equipment and interest in leasehold land held for own use under operating leases for the six months ended September 30, 2007 are analyzed as follows:

	Unaudited	
	Property, plant and equipment HK\$'000	Interest in leasehold land held for own use under operating leases HK\$'000
As at April 1, 2007	267,838	5,293
Exchange adjustments	5,494	110
On acquisition of a subsidiary	6,891	—
Additions	88,699	—
Disposals	(113)	—
Depreciation/amortization charge for the period	(12,118)	(143)
As at September 30, 2007	356,691	5,260

11. Inventories

	Unaudited September 30 2007 <i>HK\$'000</i>	Audited March 31 2007 <i>HK\$'000</i>
Raw materials	3,798	3,240
Work in progress	4,746	5,040
Finished goods	36,460	27,480
	<hr/> 45,004 <hr/>	<hr/> 35,760 <hr/>

Included in finished goods are preservation costs related to cord blood stem cells of HK\$27,137,000 (March 31, 2007: HK\$22,809,000). Preservation costs consist primarily of direct labor and materials including laboratory expenses, blood stem cells collection fees, and indirect costs including allocations of costs from relevant departments and facility depreciation.

12. Trade receivables

Details of the ageing analysis of trade receivables (net of impairment losses for bad and doubtful debts) are as follows:

	Unaudited September 30 2007 <i>HK\$'000</i>	Audited March 31 2007 <i>HK\$'000</i>
Within 6 months	192,594	145,908
Between 7 to 12 months	3,117	19,618
Over 1 year	1,376	1,018
	<hr/> 197,087 <hr/>	<hr/> 166,544 <hr/>

All of the trade receivables are expected to be recovered within one year.

13. Trade payables

The Group is normally granted credit terms of 1 to 3 months by its suppliers.

Details of the ageing analysis of trade payables are as follows:

	Unaudited September 30 2007 HK\$'000	Audited March 31 2007 HK\$'000
Due within 3 months or on demand	34,551	31,399

14. Other payables and accruals

	Unaudited September 30 2007 HK\$'000	Audited March 31 2007 HK\$'000
Derivative financial instruments (<i>Note</i>)	99,123	2,606
Other payables and accruals	39,022	34,610
	138,145	37,216

Note: The amount represents the fair value of all derivative financial instruments in connection with the hedging of the available-for-sale equity securities as at September 30, 2007.

15. Bank loans

As at September 30, 2007, the bank loans were repayable as follows:

	Unaudited September 30 2007 HK\$'000	Audited March 31 2007 HK\$'000
Within 1 year or on demand	9,000	110,122
After 2 years but within 5 years	337,402	—
	346,402	110,122

As at September 30, 2007, the bank loans were secured as follows:

	Unaudited September 30 2007 HK\$'000	Audited March 31 2007 HK\$'000
Secured bank loans	103,402	101,122
Unsecured bank loan	243,000	9,000
	346,402	110,122

Included in bank loans are the following amounts denominated in currencies other than the functional currency of the Company to which they relate:

	Unaudited September 30 2007	Audited March 31 2007
US Dollars	USD30,000,000	USD—
Renminbi	RMB100,000,000	RMB100,000,000

16. Convertible bonds

During the period ended September 30, 2007, convertible bonds with a principal amount of HK\$100,000,000 were converted into 52,632,000 shares at the conversion price of HK\$1.90 per share. As at September 30, 2007, no convertible bonds remained outstanding.

The shares issued upon conversion of the convertible bonds rank pari passu in all respects with the Company's existing shares in issue at the date of conversion.

17. Share capital

	Unaudited September 30, 2007		Audited March 31, 2007	
	No. of shares '000	HK\$'000	No. of shares '000	HK\$'000
Authorized:				
Ordinary shares of HK\$0.10 each	2,000,000	200,000	2,000,000	200,000
Issued and fully paid:				
Beginning of period/year	1,522,224	152,222	1,276,211	127,621
Issue of shares	—	—	252,824	25,282
Shares repurchased	(208)	(21)	(15,232)	(1,523)
Shares issued upon conversion of convertible bonds	52,632	5,263	8,421	842
Issue of shares for scrip dividend	2,417	242	—	—
End of period/year	1,577,065	157,706	1,522,224	152,222

During the period, the movements of share capital were as follows:

- (a) A total of 208,000 ordinary shares of HK\$0.1 each were repurchased by the Company during the period at prices ranging from HK\$2.62 to HK\$3.01 per share. Accordingly, the issued share capital of the Company was reduced by the par value thereof. The aggregate price paid by the Company for these repurchases, before share repurchase expenses, was HK\$554,000. The premium paid for the repurchase of the shares and the related expenses was charged to the extent of HK\$533,000 to the share premium account and HK\$21,000 to the retained earnings account, as disclosed in the consolidated statement of changes in equity.
- (b) During the period, 52,632,000 shares were issued upon conversion of the convertible bonds. The share capital and share premium accounts of the Company have been increased by approximately HK\$5,263,000 and HK\$101,205,000 respectively following the conversion. An amount of HK\$6,740,000 has also been transferred from the capital reserve account to the share premium account.
- (c) During the period, the Company offered its shareholders a scrip dividend alternative under which shareholders could elect to receive shares in lieu of the 2007 final dividend. On September 28, 2007, 2,417,000 shares were issued and allotted to the electing shareholders credited as fully paid at the issue price HK\$3.4865 per share.

18. Commitments

(i) Capital commitments

Capital commitments outstanding as at September 30, 2007 not provided for in the financial statements were as follows:

	Unaudited September 30 2007 HK\$'000	Audited March 31 2007 HK\$'000
Contracted for	78,141	57,992

(ii) Operating lease commitments

As at September 30, 2007, the total future minimum lease payments under non-cancelable operating leases were payable as follows:

	Unaudited September 30 2007 HK\$'000	Audited March 31 2007 HK\$'000
Within 1 year	7,115	6,937
After 1 year but within 5 years	8,345	11,562
After 5 years	57,713	—
	73,173	18,499

19. Contingent liabilities

As at September 30, 2007, a subsidiary of the Company has issued guarantees to banks in respect of banking facilities granted to a jointly controlled entity which will expire within one year. Under the guarantees, the subsidiary is liable for the borrowings of the jointly controlled entity under such facilities from the banks which are beneficiaries of the guarantees.

As at September 30, 2007, the directors do not consider it is probable that a claim will be made against the subsidiary under the guarantees. The maximum liability of the Group at September 30, 2007 under the guarantees issued was the outstanding amount of the facilities drawn down by the jointly controlled entity of RMB123,000,000. The Group has not recognized any deferred income in respect of the guarantees as their fair value is not material.

20. Post balance sheet event

In October 2007, the jointly controlled entity entered into a conditional equity subscription agreement with an institutional investor to allot and issue new shares for a cash consideration of USD90,000,000, valuing the company (post-money) at USD272,700,000. As of the date of this report, the subscription is pending for completion.

MANAGEMENT DISCUSSION & ANALYSIS

Set out below are the financial highlights of the Group's operations for the reporting period:

	1H'2007 HK\$'000	1H'2006 HK\$'000	Change
Turnover			
Medical Device	136,923	121,775	12%
Cord Blood Bank	53,113	29,981	77%
Chinese Herbal Medicine	3,023	4,257	(29%)
	<u>193,059</u>	<u>156,013</u>	24%
Operating profit/(loss) from continuing operations			
Medical Device	96,244	84,160	14%
Cord Blood Bank	23,540	12,930	82%
Chinese Herbal Medicine	(19,138)	(15,862)	21%
Share of profits of an associate and a jointly controlled entities	72,133	23,776	203%
	<u>172,779</u>	<u>105,004</u>	65%
Unallocated income and expenses	161,600	3,102	
Finance costs	(9,642)	(5,531)	
Profit before taxation	<u>324,737</u>	<u>102,575</u>	

BUSINESS REVIEW

Overview

Golden Meditech once again recorded an excellent performance in the first half of the financial year, which ended September 30, 2007. Turnover soared 24%, while profit attributable to equity shareholders of the company rose 234% compared to the same period of the previous year.

The growth is a direct result of management's strategy of diversifying into healthcare sectors with substantial growth prospects and successfully commercializing several pioneering medical products and services.

The Group's businesses are currently at different stages of development and target distinct but synergistic client bases. This diversification into related fields ensures high, stable growth.

The Cord Blood Bank Segment continues to perform impressively. The subsidiary that operates the Beijing bank has once again achieved recognition as one of Deloitte's 50 fastest growing hi-tech companies in China and the newly-opened facility in Guangdong Province is already producing encouraging results. The segment's high growth means it is fast increasing its contribution to the Group's aggregate income.

The Medical Device Segment also continued to generate a reliable, strong cash flow for the Group's future development.

The Cord Blood Bank Segment

During the first two quarters, turnover of the Cord Blood Bank Segment surged by 77% to HK\$53,113,000 and operating profit was up dramatically by 82% to HK\$23,540,000 compared with the same period the previous year. These impressive results were mainly driven by the Beijing bank, which has been providing stem cell services for newborn babies for four years.

The new cord blood bank in Guangdong Province only commenced operation in May this year but has quickly built momentum. It had enrolled over 750 new customers during the review period.

There is little awareness of blood stem cell storage in Guangdong Province as this is the first service of its kind to be launched there. In view of the limited storage capacity of the existing facility, the Group has been focusing its efforts on promoting the services to expectant parents, not the general public. Yet even this low-key approach has already produced very satisfactory results.

Guangdong is one of China's wealthiest provinces and every year around a million babies are born there. 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 bank. To meet the potentially huge market demand in Guangdong, the Group is building a more advanced storage facility with a larger capacity.

The management team is delighted that its focus on innovation and its strategic vision have within four years positioned this pioneering healthcare service as one of the fastest growing hi-tech companies in China.

The Medical Device Segment

The Medical Device Segment's turnover in the first half of the year amounted to HK\$136,923,000, representing an increase of 12% over the same period last year. Profit reached HK\$96,244,000, up 14% from the previous year.

Our flagship product, the Autologous Blood Recovery System ("ABRS"), is China's first locally developed blood recovery device. The PRC government strongly supports the use of the ABRS in the healthcare system because it reduces dependence on the blood supply. The system is now used in about 2,000 hospitals in China and its clinical usage is expanding at a double digit rate.

The management is confident that the ABRS will maintain its leading position in its own market. It is also driving forward with research and development of new medical devices and personal health monitoring devices to meet the needs of both hospitals and individuals and increase the segment's growth momentum.

The Chinese Herbal Medicine Segment

The Chinese Herbal Medicine Segment's flagship product, TangHerb[®], is the only proprietary Chinese medicine approved by the SFDA for boosting the immune systems of people infected with HIV and alleviating the common symptoms of AIDS.

To support China's "Four Frees and One Care" Scheme, we currently supply TangHerb[®] to the central government and to charitable organizations involved in the fight against AIDS. TangHerb[®] began sales only last year and is still at an early stage of commercialization. Second quarter production slowed slightly because of factory maintenance following a minor warehouse fire in the first quarter but any impact is likely to be short term. For the first half of the financial year, turnover reached HK\$3,023,000.

TangHerb[®] - safe and effective over a long period with minimal side effects - is ideal for China. The management is confident that the demand for TangHerb[®] will increase and that sales will improve further in the second half of the financial year.

FINANCIAL REVIEW

Turnover

The Group continued to develop in line with the management's expectation, recording robust growth for the six months ended September 30, 2007. Turnover was HK\$193,059,000, representing an increase of approximately 24% compared with the same period last year.

The Cord Blood Bank Segment is now a rapidly growing business and made significant revenue contributions amounting to 28% of the Group's total turnover in the period under review. The Medical Device Segment continued to generate strong income; its contribution accounted for 71% of the Group's total turnover. The remainder represents the contribution from the Chinese Herbal Medicine Segment.

Gross profit margin

The Group's gross profit margin remained high, at 64% during the reporting period. The gross profit margins of the Medical Device and Cord Blood Bank segments remained at a high level, similar to last year.

Since the profit margins of the Cord Blood Bank and Chinese Herbal Medicine segments are currently not as high as that of the Medicine Device Segment, management anticipates the Group's overall gross profit margin will be adjusted as the contributions from these two segments to the Group's turnover increase.

Profit attributable to equity shareholders of the Company

Profit attributable to equity shareholders amounted to HK\$304,154,000 during the period under review, up by 234% compared with 2006. The Group's earnings momentum was boosted by organic growth, the profit contribution from the distribution networks, as well as an increase in investment income.

Selling and administrative expenses

Selling and administrative expenses for the six months ended September 30, 2007 rose to HK\$53,110,000 as a result of an increase in business activities across all operating units. The Group has an excellent track record in cost control and refinement of its cost structure and will continue to ensure expenses are kept at a reasonable level.

Liquidity and financial resources

As at September 30, 2007, the Group's cash and bank balances reached HK\$902,330,000 (March 31, 2007: HK\$688,226,000). Total interest-bearing liabilities amounted to HK\$346,402,000 (March 31, 2007: HK\$208,958,000), comprising mainly bank borrowings.

The Group's total current assets and total assets as at September 30, 2007 totaled HK\$1,583,656,000 and HK\$3,882,080,000 respectively (March 31, 2007: HK\$994,427,000 and HK\$3,044,038,000 respectively).

As at September 30, 2007, the total interest-bearing debt to total asset ratio was 9% (March 31, 2007: 7%).

The Group has always maintained a sound financial position and will continue to maintain an appropriate capital structure to maximize its efficiency.

Charges on Group assets

As at September 30, 2007, the total book value of the assets charged for bank loans was HK\$96,989,000 (March 31, 2007: HK\$97,733,000).

Exchange rate risk

The ongoing revaluations of the Renminbi have been beneficial to the Group. The Group's sales and purchases are mainly transacted in Renminbi, and the majority of the Group's assets and liabilities are also denominated in Renminbi. Apart from the bank deposits in U.S. dollars, the Group was not exposed to any major currency exchange risk. Therefore, no hedging arrangements were made during the reporting period.

Treasury policies

The Group adopts prudent treasury policies. It performs ongoing credit evaluations of its customers to reduce exposure to credit risk. To manage liquidity risk, the management closely monitors the position to ensure the liquidity structure of the Group meets its funding requirements.

Contingent liabilities

Please refer to note 19 to the interim financial statements.

Employees

The Group has been expanding and as at September 30, 2007 had 527 full-time employees in Hong Kong and the PRC. For the first half of the financial year, the Group incurred staff costs (including directors' emoluments and Mandatory Provident Funds) of HK\$22,533,000.

The Board of Directors believes that its people are the Group's most important asset. To express its gratitude for their contribution and to provide further incentives, staff members who demonstrate outstanding performance are rewarded with discretionary bonuses and share options.

PROSPECTS

The Group's businesses all occupy pre-eminent positions in their sectors and their prospects for growth are among the strongest in the healthcare industry.

The Group will continue to develop through diversification - expanding prudently into hi-tech healthcare projects with substantial growth prospects, high entry barriers, and the ability to create synergy effects with our existing businesses.

Our results this far have proven the success of this strategy and the commitment of the Group's management to ensuring strong, sustainable returns to shareholders. The management is confident the Group will deliver even better results in the second half of the year.

Going forward the Group will continue to build on its strong foundations so that shareholders can continue to benefit from the high growth in China's healthcare industry through investing in Golden Meditech.

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

As at September 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 were as follows:

(a) The Company

Name of Directors	Capacity and nature of interests	Long positions/(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⁾	—	433,916,000	27.51%
		(61,832,000) ⁽²⁾	—	(61,832,000)	(3.92%)
	Beneficial owner	—	63,206,245 ⁽³⁾	63,206,245	4.01%
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 September 30, 2007.
- (2) Mr. KAM Yuen was deemed under the SFO to have a short position in the shares of the Company 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

Name of Directors	Capacity and nature of interests	Number of ordinary shares of US\$1 each		Approximate percentage of the issued share capital of CSC
		Number of underlying shares held under equity derivatives	Total interests	
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 September 30, 2007, none of the Directors or 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 corporations (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 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.

SHARE OPTION SCHEMES

(a) Share option schemes 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 six months ended September 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 Sept. 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.

- (2) 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.
- (3) 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 September 30, 2007.

(b) Share option scheme of CSC

1. The Company's shareholders approved at the extraordinary general meeting held on September 21, 2006 the adoption of a share option scheme (the "CSC Scheme") by CSC. The CSC Scheme became effective on September 21, 2006 (the "Effective Date").
2. A summary of movements of share options under the CSC Scheme for the six months ended September 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 September 30, 2007	Exercise price HK\$
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
		100,000	100,000	

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 September 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 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 September 30, 2007, the interests and short positions 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:

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

Name	Capacity and nature of interests	Number of issued shares	Approximate percentage of the Company's issued share capital ⁽⁴⁾
Bio Garden ⁽¹⁾	Beneficial owner	433,916,000 (61,832,000)	27.51% (3.92%)
Mr. Kent C. McCarthy ⁽²⁾	Interest of controlled corporation	303,963,605	19.27%
Jayhawk China Fund (Cayman), Ltd. ⁽²⁾	Investment manager	202,273,735	12.83%

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

Name of other persons who have more than 5% interests	Capacity and nature of interest	Number of issued shares	Approximate percentage of the Company's issued share capital ⁽⁴⁾
State Street Corporation	Interest of controlled corporation	84,928,244(P) ⁽³⁾	5.39%

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 September 30, 2007.
- (2) The interests disclosed by Mr. Kent C. McCarthy include 202,273,735 shares of the Company held by Jayhawk China Fund (Cayman), Ltd.
- (3) "P" denotes lending pool.
- (4) The percentage of interests is based on the aggregate nominal value of the shares comprising the interests held as a percentage of the aggregate nominal value of all the issued share capital of the Company immediately after the relevant event and as recorded in the register maintained under section 336 of the SFO.

Save as disclosed above, as at September 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 or the management 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 six months ended September 30, 2007, the Company repurchased 208,000 shares on the Stock Exchange as follows:

Month of purchase	Number of shares repurchased	Price per share		Aggregate price paid
		Highest	Lowest	
		<i>HK\$</i>	<i>HK\$</i>	<i>HK\$</i>
August 2007	208,000	3.01	2.62	554,000

The issued share capital of the Company was reduced by the par value of the repurchased shares. The premium paid for the repurchase of the shares and the related expenses were charged to the extent of HK\$533,000 to the share premium account and HK\$21,000 to the retained earnings account. Further details of these repurchases are set out in note 17 to the consolidated interim financial statements.

The repurchases were made for the benefit of the shareholders as a whole as they enhanced the earnings per share of the Company.

Except as disclosed above, neither the Company nor any of its subsidiaries purchased, redeemed or sold any of the Company's listed securities during the six months ended September 30, 2007.

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.

REPORT ON CORPORATE GOVERNANCE

The Company has complied with the code provisions of the Code on Corporate Governance Practices (the "Code Provisions") as set out in Appendix 15 of the GEM Listing Rules throughout the six months ended September 30, 2007, except for A.2.1. The following summarizes the requirements under the relevant Code Provisions and the Company's reasons for such deviation:

Code Provision A.2.1

Under Code Provision A.2.1, the roles of chairman and chief executive officer should be separate and should not be performed by the same individual.

Mr. KAM Yuen is the chairman and chief executive officer of the Company responsible for managing the Board and the Group's businesses. The Board considers that this structure will not impair the balance of power and authority in view of the current composition of the Board, which comprises, inter alia, 3 independent non-executive Directors who bring strong independent judgment, knowledge and experience to the Board's deliberations. The Board believes that this structure is conducive to strong and consistent leadership for the Group, enabling it to make and implement decisions promptly and efficiently.

Mr. Kam has been both the chairman and chief executive officer of the Company since the listing of the Company's shares on the GEM. He has substantial experience in the medical healthcare industry. The Board and management are of the view that the assumption of those positions by Mr. Kam is beneficial to the business development of the Group.

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 comprises three independent non-executive Directors, namely Prof. CAO Gang (chairman of the audit committee), Mr. GAO Zong Ze and Prof. GU Qiao.

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 interim report for the six months ended September 30, 2007.

By order of the Board
KAM Yuen
CHAIRMAN

HONG KONG, November 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, for which the directors of the Company collectively and individually accept full responsibility, includes particulars given in compliance with the Rules Governing the Listing of Securities on the Growth Enterprise Market of The Stock Exchange of Hong Kong Limited for the purpose of giving information with regard to the Company. The directors of the Company, having made all reasonable enquiries, confirm that, to the best of their knowledge and belief: (i) the information contained in this announcement is accurate and complete in all material respects and not misleading; (ii) there are no other matters the omission of which would make any statement in this announcement misleading; and (iii) 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 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 www.goldenmeditech.com.