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## **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)**

### **DISCLOSEABLE TRANSACTION**

**Disposal of the Group's entire investment in  
Qi Jie Yuan Medicine Holding (HK) Limited  
in exchange for**

**(A) 40% issued share capital of China Healthcare Inc.  
and**

**(B) a 5-year unsecured Note**

**Financial Adviser to the Company**



**REXCAPITAL (Hong Kong) Limited**

## **SUMMARY**

### **THE SPA**

The Board is pleased to announce that after the close of trading hours on 19 December 2007, GMH (a wholly owned subsidiary of the Company), REG and the Purchaser entered into the SPA for the sale and purchase of the Sale Shares, which represent 69% of the issued share capital of QJY, for a total consideration of GBP36,000,000 (or approximately HK\$579,600,000) , which is to be settled as follows:

- (i) as to GBP24,000,000 (or approximately HK\$386,400,000) by issuance of the Note, being a 5-year unsecured note with 2% interest per annum in the principal amount of GBP24,000,000 to be issued by the Purchaser; and
- (ii) as to the balance of GBP12,000,000 (or approximately HK\$193,200,000) by the transfer by REG of 4,000,000 shares in the share capital of the Purchaser as Consideration Shares to the Vendor. The Consideration Shares represent 40% of the existing issued share capital of the Purchaser, currently owned by REG.

The principal businesses of the Disposal Group are the research and development, manufacture and sales of Chinese herbal medicines in the PRC and overseas market. The Disposal Group operates a GMP standard production plant in Shanghai. One of the products developed by the Disposal Group, known as TangHerb, is the first SFDA approved sole proprietary herbal medicine used in improving the immune systems of HIV carriers and AIDS patients as well as inhibiting and delaying HIV virus replication.

The Purchaser is principally engaged in the provision of alternative treatments such as Chinese herbal therapy, acupuncture, moxibustion, cupping therapy, acupressure, allergy testing and conduct of Chinese herbal medicine products retail business in the United Kingdom and Ireland. The Purchaser operates one of the largest medical healthcare chains in the United Kingdom and Ireland and currently has more than 90 retail stores in these countries to serve the general public.

### **The Shareholders' Agreement**

The SPA provides that at completion thereof, GMH, REG and the Purchaser will enter into the Shareholders' Agreement, pursuant to which certain rights of GMH and REG (as shareholders of the Purchaser) are specified with respect to (i) board seat, (ii) transferability, (iii) non-competition undertakings and (vi) dividend and distribution policy.

Apart from the above, REG unconditionally and irrevocably guarantees to GMH that the net profit after tax of the Purchaser for the financial year ending 31 March 2008 shall not be less than GBP2,200,000 (equivalent to approximately HK\$35.4 million). If the net profit after tax of the Purchaser for the financial year ending 31 March 2008 falls short of GBP2,200,000, a compensation amount calculated based on a formula specified in the Shareholders' Agreement, shall be payable by the Purchaser to the Vendor.

For details of the Shareholders' Agreement, please refer to the section headed "The Shareholders' Agreement" below.

### **The Note**

A 5-year unsecured note with 2% interest per annum in the principal amount of GBP24,000,000 will be issued by the Purchaser to GMH as part of the Consideration.

For details of the Note, please refer to the section headed "Principal Terms of the Note" below.

### **Implication of the Listing Rules**

As the applicable percentage ratios under the GEM Listing Rules in respect of the Disposal and Acquisition respectively are more than 5% but less than 25%, both the Disposal and Acquisition are discloseable transactions for the Company under Chapter 19 of the GEM Listing Rules.

**Completion of the SPA, the Shareholders' Agreement and the Note, and the transactions contemplated thereunder may or may not take place. Shareholders and potential investors of the Company are reminded to exercise caution when dealing in the securities of the Company.**

### **Circular**

A circular containing, among other things, further details of the Transactions will be despatched to the Shareholders as soon as practicable.

## **THE SPA**

### **Date**

19 December 2007

### **Parties**

Vendor : Golden Meditech Herbal Treatment (BVI) Company Limited, a wholly-owned subsidiary of the Company

Purchaser : China Healthcare Inc, a wholly-owned subsidiary of Right East Group Limited

REG: Right East Group Limited, a company incorporated in BVI and the sole shareholder of the Purchaser

To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, the Purchaser, REG and their respective directors and shareholders are (i) Independent Third Parties and do not hold any position with the Company or its connected persons (as defined in the GEM Listing Rules), (ii) have no previous transactions with the Group which requires aggregation under Rule 19.22 of the GEM Listing Rules and (iii) have no relationship with the Group or its connected persons other than the contractual relationship arising from entering into the SPA, the Shareholders' Agreement, the Note, and the commercial relationship as disclosed in this announcement.

### **Assets to be disposed**

The Sale Shares, which represent 69% of the issued share capital of QJY.

QJY is an investment holding company and its assets include the holding of the entire equity interest in Beijing Qijieyuan Pharmaceutical Technology Development Co., Ltd, which in turn holds an 80% equity interest in Shanghai Baisuihang Pharmaceutical Co., Ltd. Further information is set out in the paragraph headed "Information on the Disposal Group" below.

## **Consideration for the Disposal**

The total consideration for the Disposal is GBP36,000,000 (or approximately HK\$579,600,000), which is to be settled as follows:

- (i) as to GBP24,000,000 (or approximately HK\$386,400,000) by issuance of the Note, being a 5-year unsecured note with 2% interest per annum in the principal amount of GBP24,000,000 to be issued by the Purchaser; and
- (ii) as to the balance of GBP12,000,000 (or approximately HK\$193,200,000) by the transfer of 4,000,000 shares of the Purchaser as Consideration Shares by REG to the Vendor. The Consideration Shares represent 40% of the existing issued share capital of the Purchaser, currently owned by REG. Except for additional rights granted to the Vendor as specified in the Shareholders' Agreement, the Consideration Shares shall rank *pari passu* in all respects with the existing shares of the Purchaser in issue on the date of transfer of the Consideration Shares.

## **Basis of consideration for the Disposal and value of the Consideration Shares**

The Consideration has been agreed between the Vendor and the Purchaser based on arms' length negotiations with reference to, among other factors, the carrying value of the Group's 69% equity interest in the Disposal Group on the consolidated accounts of the Group as at 30 September 2007 of approximately HK\$585,300,000.

The value of the Consideration Shares has also been agreed between the Vendor and the Purchaser based on arms' length negotiations with reference to, among other factors,

- (i) the unaudited consolidated profit after tax (as prepared under the generally accepted accounting principles in the United Kingdom) of the Purchaser for the two financial years ended 31 March 2007 of approximately GBP0.5 million (or approximately HK\$8.1 million) and GBP1.4 million (or approximately HK\$22.5 million) respectively;
- (ii) the robust growth rate of 180% observed in the net profit after tax of the Purchaser from GBP0.5 million for the year ended 31 March 2006 to GBP1.4 million for the year ended 31 March 2007 and the compound annual growth rate will be 110% if the guaranteed profit for the year ending 31 March 2008 of GBP2.2 million (as set out in the subsection headed "Profit Guarantee" below) is achieved;
- (iii) the future potential of the principal business of the Purchaser in the United Kingdom. The Purchaser is one of the largest medical healthcare chains in the United Kingdom and Ireland and currently has just over 90 retail stores in the

United Kingdom and Ireland which is considered to be far from enough to capture the business potential of herbal medicine products in the United Kingdom and Ireland. The Purchaser is exploring the opportunities of expanding into European markets although there is no concrete plan in place to expand the business into the European markets at this moment;

- (iv) the guaranteed net profit after tax of GBP2.2 million (or approximately HK\$35.4 million) of the results of the Purchaser for the financial year ending 31 March 2008 by REG, which implies a price-to-earning ratio of 13.6 times considering the value of Consideration Shares of GBP12,000,000 (or approximately HK\$193,200,000 million);
- (v) the price-to-earnings ratio of 23.8 times of an acquisition transaction in relation to a well-known pharmacist chain in the United Kingdom; and
- (vi) the average price-to-earning ratios of over 20 times of listed companies engaging in retail chain operations in the United Kingdom.

On the above bases, the Board (including the independent non-executive Directors) considers that the Consideration and the value of Consideration Shares are fair and reasonable.

### **Conditions for the Disposal/Acquisition**

Completion shall be conditional upon, among other things, the fulfilment or, as the case may be, waiver of the following conditions:

- (i) the carrying out of inspection and investigation by and to the satisfaction of the Purchaser of all material respects in relation to the assets, financial, corporation, taxation and trading position of QJY;
- (ii) the carrying out of inspection and investigation by and to the satisfaction of the Vendor of all material respects in relation to the assets, financial, corporation, taxation and trading position of the Purchaser;
- (iii) none of the warranties, undertakings and covenants on the part of the Vendor, the Purchaser and REG as contained in the SPA is misleading or untrue in any material respect, or having been breached in any material respect; and
- (iv) the obtaining by each of the Company, the Vendor, REG and the Purchaser of all necessary consents, authorisations or other approvals of any kind in connection

with their entering into and performance of the terms of the SPA which may be required under the GEM Listing Rules or any ordinances in Hong Kong and the United Kingdom, from the Stock Exchange or any governmental or regulatory authorities in Hong Kong and the United Kingdom.

If conditions (i) and (ii) for the Disposal/Acquisition have not been fulfilled or waived by the Vendor or the Purchaser (as relevant) by 31 December 2007, condition (iii) for the Disposal/Acquisition has not been fulfilled or waived by the Vendor or the Purchaser (as relevant) at Completion or condition (iv) for the Disposal/Acquisition has not been fulfilled within 3 months from the date of the Agreement, the provisions of the SPA (other than certain clauses as specified in the SPA) shall from such date have no effect and no party to the SPA shall have any claim against the others save for claim (if any) in respect of such continuing provisions or any antecedent breach of the SPA.

## **THE SHAREHOLDERS' AGREEMENT**

It is provided in the SPA that on completion thereof, GMH, REG and the Purchaser will enter into the Shareholders' Agreement. Certain material terms of the Shareholders' Agreement are set out below:

### **Board seat**

GMH shall have the right to appoint one person as director of the Purchaser and any of its subsidiaries as it may specify from time to time and to remove from office any such person so appointed and to appoint another in his place.

### **Transferability**

REG shall not, without the prior written consent of GMH, create or permit to subsist any encumbrance whatsoever on or over or in respect of all or any of the shares of the Purchaser ("Purchaser Shares") held by it, and shall not otherwise dispose of any of its Purchaser Shares or otherwise purport to deal with the beneficial or economic interest therein (including but not limited to its voting rights) or any right relating thereto.

In the event that REG wishes to sell its Purchaser Shares, GMH shall have the first right of refusal to purchase such Purchaser Shares and in the event that REG is proposing to sell its Purchaser Shares to a third party, it shall notice GMH of the identity of the third party and the detailed terms of the sales and shall procure that either:-

- (i) the same terms are extended by the third party to GMH; or

- (ii) REG offers to purchase all GMH's shares at the same price per Purchaser Shares as that offered by the third party.

### **Non-competition undertakings**

REG undertakes to the Purchaser and GMH that it shall not (and shall procure its Associates not to) at any time whilst it is beneficially interested in any Purchaser Shares (whether directly or indirectly) and for a period of one (1) year from the date on which such party ceases to be beneficially interested in the Purchaser Shares, do or permit any of the following without the prior written consent of the Purchaser and GMH:

- (i) either solely or jointly with or on behalf of any person directly or indirectly carry on or be engaged or interested (except as the holder for investment of securities dealt in on a recognised stock exchange) in any business competing with the Purchaser;
- (ii) solicit any person who is or has been a customer of the Purchaser and any of its subsidiaries for the purpose of offering to such customer goods or services similar to or competing with those of the Purchaser, or canvass or solicit any person who is or has been a supplier of the Purchaser and any of its subsidiaries for the purpose of inducing any such person to cease being supplier of the Purchaser and any of its subsidiaries;
- (iii) solicit or entice away or endeavour to solicit or entice away any director or employee of the Purchaser and any of its subsidiaries, but without prejudice to the right of such shareholder to terminate arrangements under which any of its staff are seconded to or appointed as directors of the Purchaser and any of its subsidiaries;
- (iv) cause or permit any of its Associate or person directly or indirectly under its control to do any of the foregoing acts or things;
- (v) divulge to any third party whatsoever (save to the extent required by law or any regulatory requirement) or use, take away, conceal, destroy or retain for his own or another's advantage or to the detriment of the Purchaser and any of its subsidiaries any of the trade secrets, accounts, financial or trading information or other confidential information which he may receive or obtain in relation to the businesses, finances, dealings or affairs of the Purchaser and any of its subsidiaries including any information regarding the products, processes or the customers, suppliers or agents of the Purchaser and any of its subsidiaries and including any papers or records howsoever recorded (whether in writing or print or by photographic, electrical, magnetic, symbolic or other means); and



(vi) say or do anything which is or is intended or likely to be harmful to the reputation or goodwill of the Purchaser and any of its subsidiaries.

### **Dividend and distribution policy**

Any dividend and distribution policy needs to be agreed in writing by REG and GMH.

### **Profit guarantee**

REG unconditionally and irrevocably guarantees to GMH that the net profit after tax of the Purchaser for the financial year ending 31 March 2008 shall not be less than GBP2,200,000 (equivalent to approximately HK\$35.4 million). If the net profit after tax of the Purchaser for the financial year ending at 31 March 2008 falls short of GBP2,200,000, the Purchaser shall pay to the Vendor within 30 Business Days after the relevant audited accounts of the Purchaser has been issued a compensation amount (X) which shall be calculated using the following formula:

$$X = (\text{GBP}2,200,000 - \text{net profit for the financial year ending 31 March 2008}) \times 40\% \times 13.6$$

13.6 being the price-to-earnings ratio derived by reference to the value of Consideration Shares of GBP12,000,000 and the guaranteed profit of GBP2,200,000.

## **PRINCIPAL TERMS OF THE NOTE**

### **Issuer**

China Healthcare Inc.

### **Principal amount of the Note**

GBP24,000,000

### **Interest**

Interest is to accrue on the principal amount of the Note outstanding at the rate of 2% per annum from the date of issue of the Note to the maturity date or, as the case may be, at the redemption date. Interest is payable annually in arrears on each anniversary date of the date of issue of the Note or (as the case may be) on the redemption date (as defined in the Note).

## **Maturity date**

Subject to the provision of the Note, the Purchaser shall repay the outstanding principal amount of the Note together with all interest accrued but not paid thereon on the date falling 5 years after the issue date of the Note.

## **Redeemability**

Subject to the occurrence of certain events, including inter alia, a default in the payment of any amount due in respect of the Note, the Purchaser is in the status of being wound up or dissolved voluntarily or by the order of a court, certain proceedings against the Purchaser which shall not have been discharged within a period of 60 days, the holder of the Note is entitled to redeem all or any part of the outstanding principal amount of the Note by giving a written notice, whereupon such Note shall become immediately due and payable on the redemption date as described in the notice at the outstanding principal amount of the Note to be redeemed and interest accrued but not paid thereon.

## **Transferability**

The Note is freely assignable or transferable to any party according to the terms of the Note.

## **INFORMATION OF THE DISPOSAL GROUP**

QJY is held as to 69% by GMH and as to 31% by three individuals and a company. The three individuals and company are Independent Third Parties from the Purchaser, the Company and connected persons (as defined in the GEM Listing Rules) of the Company. QJY is an investment holding company and its assets include the holding of the entire equity interest in Beijing Qijieyuan Pharmaceutical Technology Development Co., Ltd, which in turn holds an 80% equity interest in Shanghai Baisuihang Pharmaceutical Co., Ltd (of which 20% equity interest is held by Beijing Jingjing Medical Equipment Co., Ltd., an indirect wholly owned subsidiary of the Company). The principal businesses of the Disposal Group are the research and development, manufacture and sales of Chinese herbal medicines in the PRC and overseas market. The Disposal Group operates in Shanghai, and its GMP production facilities are certified by the Shanghai Municipal Drug Administration Authority. The Disposal Group has obtained approval to manufacture hard gelatin capsules, tinctures, pharmaceutical raw materials and health food products. Besides, the Disposal Group has strong research and development division, and one of the products developed by the Disposal Group, known as TangHerb, is the first SFDA approved sole proprietary herbal medicine in improving the immune systems of HIV carriers and AIDS patients as well as inhibiting and delaying HIV virus replication.

The financial information of the Disposal Group, which is prepared in accordance with Hong Kong Financial Reporting Standards, is set out below:

- (i) as at 30 September 2007, the unaudited net assets value of the Disposal Group was approximately HK\$425.3 million;
- (ii) for the two financial years ended 31 March 2006 and 2007, the unaudited net loss before tax of the Disposal Group amounted to approximately HK\$24.3 million and approximately HK\$33.0 million respectively; and
- (iii) for the two financial years ended 31 March 2006 and 2007, the unaudited net loss after tax of the Disposal Group amounted to approximately HK\$14.9 million and approximately HK\$34.1 million respectively.

### **INFORMATION OF THE PURCHASER**

The Purchaser is a private company limited by shares incorporated in the Cayman Islands on 3 January 2006.

The Purchaser is principally engaged in the provision of alternative treatments such as Chinese herbal therapy, acupuncture, moxibustion, cupping therapy, acupressure, allergy testing and conduct of Chinese herbal medicine products retail business in the United Kingdom and Ireland. The Purchaser operates one of the largest medical healthcare chains in the United Kingdom and Ireland and currently has more than 90 retail stores in these countries to serve the general public.

The financial information of the Purchaser, which is prepared in accordance with the generally accepted accounting principles in the United Kingdom, is set out below:

- (i) as at 31 March 2007, the unaudited net assets value of the Purchaser was approximately GBP2.3 million (equivalent to approximately HK\$37.0 million);
- (ii) for the two financial years ended 31 March 2006 and 2007, the unaudited net profit before tax of the Purchaser amounted to approximately GBP0.8 million (equivalent to approximately HK\$12.9 million) and approximately GBP2.0 million (equivalent to approximately HK\$32.2 million) respectively; and

(iii) for the two financial years ended 31 March 2006 and 2007, the unaudited net profit after tax of the Purchaser amounted to approximately GBP0.5 million (equivalent to approximately HK\$8.1 million) and approximately GBP1.4 million (equivalent to approximately HK\$22.5 million) respectively.

## **FINANCIAL EFFECTS OF THE TRANSACTIONS**

Immediately after the Completion, the Disposal Group will cease to be a subsidiary of the Company.

Upon Completion, the Purchaser will become an associate company of the Company and its results will be equity accounted for in the financial statements of the Company, which means that 40% of the profit after tax of the Purchaser will be reported in the profit and loss accounted within the item named “Shares of profits of associates” and 40% of the net asset value of the Purchaser will be reported in the balance sheet of the Company within the item named “Interests in associates”.

As the Consideration is determined based on the net asset value of the Disposal Group, the Company is not expected to derive any material gain or loss from the Disposal.

Based on the unaudited accounts of the Group as at 30 September 2007, it is estimated that the Transactions will lead to a decrease of approximately HK\$5.7 million in the consolidated net assets of the Group.

## **INFORMATION ON THE GROUP**

The principal activity of the Company is investment holding.

The Group is a leading hi-tech integrated healthcare corporation in China and operates a diversified portfolio of highly successful healthcare businesses in China, which include: the research, development, manufacture and distribution of medical devices and personal healthcare products; the storage and application of blood stem cells extracted from umbilical cords of newborn babies; and the research, development and manufacture of Chinese herbal medicines.

## REASONS FOR THE TRANSACTIONS

The Transactions are actually an asset swap by exchanging the Group's 69% equity interest in the Disposal Group for a 40% equity interest in the Purchaser. The Directors are of the view that the Transactions could create huge synergies to the Group, the Disposal Group and the Purchaser in that:-

- (i) The Purchaser will be able to access to GMP production facilities in the PRC, which is a vertical integration of the Purchaser's business and operations. The Purchaser presently relies on external third parties suppliers for the uninterrupted supply of herbal products. The acquisition facilitates the Purchaser to strengthen its control on the supply chain;
- (ii) the Disposal Group could also access to the United Kingdom and Ireland markets and, following potential expansion in other European markets by the Purchaser in the future, in other European markets as well. The Purchaser's networks will open up new markets for the Disposal Group, providing a steady customer base for the Disposal Group's herbal products; and
- (iii) the Group will also benefit from:-
  - (a) the strong financial performance of the Purchaser, its great future growth potential and further improvement in its results deriving from the synergy effects as set out above;
  - (b) the significant market potential of Chinese herbal medicine in the United Kingdom and Europe, which provide an excellent and effective diversification opportunity and thus reduce the Group's reliance in the PRC market; and
  - (c) the possible improvement in the results of the Disposal Group after the Completion as the Group still indirectly hold an attributable interests in the Disposal Group through its equity interest in the Purchaser.

Based on the above, the Directors (including the independent non-executive Directors) consider that the Transactions are in the interests of the Company and the Shareholders as a whole. The Directors (including the independent non-executive Directors) are further of the view that the terms of the SPA, the Shareholders' Agreement and the Note which are on normal commercial terms and negotiated on an arms' length basis, are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

## **IMPLICATION UNDER THE GEM LISTING RULES**

As the applicable percentage ratios under the GEM Listing Rules of the Disposal and Acquisition respectively are more than 5% but less than 25% and thus both the Disposal and Acquisition are discloseable transactions for the Company under Chapter 19 of the GEM Listing Rules.

To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, none of the controlling Shareholder, the Directors and the chief executives of the Company and their respective associates has any material interest in the Transactions as at the date of this announcement.

A circular containing, among other things, further details of the Transactions will be despatched to the Shareholders as soon as practicable.

## **TERMS USED IN THIS ANNOUNCEMENT**

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

“Acquisition”	the acquisition by GMH of the Consideration Shares and the Note, subject to and upon the terms and conditions of the SPA
”Associate(s)”	shall have the same meaning as defined in the GEM Listing Rules
“Board”	the Board of Directors
“BVI”	the British Virgin Islands
“Company”	Golden Meditech Company Limited, an exempted company incorporated in the Cayman Islands and whose shares are listed on the Growth Enterprise Market of the Stock Exchange
“Completion”	completion of the SPA
“Consideration”	the total consideration of GBP36,000,000 payable by the Purchaser (as to the Note) and REG (as to the Consideration Share) to the Vendors for the Disposal pursuant to the SPA

“Consideration Shares”	4,000,000 ordinary shares of US\$0.0001 each in the share capital of the Purchaser to be transferred by REG to the Vendor, being part of the Consideration payable to the Vendors pursuant to the SPA, representing 40% of the existing issued share capital of the Purchaser.
“Director(s)”	director(s) of the Company
“Disposal”	the disposal of the Sale Shares by GMH, subject to and upon the terms and conditions of the SPA
“Disposal Group”	QJY and its subsidiaries
“GBP”	Great Britain Pounds, the lawful currency of the United Kingdom
“GEM Listing Rules”	The Rules Governing the Listing of Securities on the Growth Enterprise Market of the Stock Exchange
“GMH” or “Vendor”	Golden Meditech Herbal Treatment (BVI) Company Limited, a company incorporated in the BVI and a wholly-owned subsidiary of the Company
“GMP”	Good Manufacturing Practice, being the guidelines and regulations issued pursuant to the PRC laws by SFDA in respect of certain quality standards to be adopted in the pharmaceutical industry in the PRC
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Independent Third Party”	a party and, if applicable, the ultimate beneficial owner of the party who is independent of the Company and connected persons (as defined in the GEM Listing Rules) of the Company
“Note”	a 5-year unsecured note with 2% interest per annum in the principal amount of GBP24,000,000 to be issued by the Purchaser

“PRC”	The People’s Republic of China, excluding for the purpose of this announcement Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan
“Purchaser”	China Healthcare Inc., a company incorporated in the Cayman Islands, whose principal activity is investment holding and which is a wholly-owned subsidiary of REG
“QJY”	Qi Jie Yuan Medicine Holding (HK) Limited, a limited liability company incorporated in the BVI on 27 February 2004
“Sale Shares”	the 69 ordinary shares of US\$1 par value each in the issued share capital of QJY beneficially held by the Vendor, representing 69% of the issued share capital of QJY
“SFDA”	the State Food and Drug Administration of the PRC (國家食品藥品監督管理局), the institution directly under the State Council of the PRC (中國國務院), which is responsible for overseeing the safety management of, foods, healthcare products and cosmetics and is in charge of the drugs administration
“Shareholder(s)”	holder(s) of ordinary share(s) of HK\$0.10 each in the share capital of the Company
“SPA”	the conditional sale and purchase agreement dated 19 December 2007 entered into among the Vendor, REG and the Purchaser in relation to the Transactions
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Transactions”	the transactions contemplated under the SPA, which constitutes, among others, the Acquisition and Disposal
“US\$”	United States dollars, the lawful currency of the United States of America
“%”	per cent.



*For the purpose of this announcement, conversion of GBP into HK\$ is based on the exchange rate of GBP1.00 to HK\$16.1 and conversion of US\$ into HK\$ is based on the exchange rate of US\$1.00 to HK\$7.79. The exchange rates have been used, where applicable, for the purposes of illustration only and do not constitute a representation that any amounts were or may have been exchanged at this or any other rates or at all.*

By Order of the Board  
**Golden Meditech Company Limited**  
**Kam Yuen**  
Chairman

Hong Kong, 19 December 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](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 [www.goldenmeditech.com](http://www.goldenmeditech.com).*