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)

ANNUAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 31 MARCH 2008

CHARACTERISTICS OF THE GROWTH ENTERPRISE MARKET ("GEM") OF THE STOCK EXCHANGE OF HONG KONG LIMITED (THE "STOCK EXCHANGE")

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 of the Stock Exchange 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 internet 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.

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.

Consolidated Income Statement

for the year ended 31 March 2008
(Expressed in Hong Kong dollars)

	Note	**2008**	2007
		$'000	$'000
Turnover	3 & 4	**421,147**	331,134
Cost of sales		**(122,036)**	(96,621)
Gross profit		**299,111**	234,513
Other revenue	5	**64,174**	44,697
Other net income	6	**332,435**	73,015
Selling expenses		**(33,027)**	(17,999)
Administrative expenses		**(127,382)**	(78,436)
Profit from operations		**535,311**	255,790
Finance costs	7(a)	**(20,628)**	(10,817)
Gain on deemed disposal of partial interests in jointly controlled entities		**55,416**	—
Share of profits less losses of associates		**(3,683)**	1,497
Share of profits of jointly controlled entities		**72,340**	34,100
Profit before taxation	7	**638,756**	280,570
Income tax	8(a)	**(24,244)**	(15,818)
Profit for the year from continuing operations		**614,512**	264,752
Discontinued operation			
Profit/(loss) for the year from discontinued operation	9	**99,141**	(34,101)
Profit for the year		**713,653**	230,651
Attributable to:			
Equity shareholders of the Company		**683,744**	223,365
Minority interests		**29,909**	7,286
Profit for the year		**713,653**	230,651

Consolidated Income Statement (continued)

for the year ended 31 March 2008
(Expressed in Hong Kong dollars)

	Note	**2008**	2007
		$'000	$'000
Final dividend proposed after the balance sheet date	10	**—**	47,189
Earnings/(loss) per share	11		
Basic (in cents)			
– From continuing and discontinued operations		**44.1**	14.8
– From continuing operations		**37.7**	17.0
– From discontinued operation		**6.4**	(2.2)
Diluted (in cents)			
– From continuing and discontinued operations		**42.4**	14.3
– From continuing operations		**36.3**	16.4
– From discontinued operation		**6.1**	(2.1)

Consolidated Balance Sheet

at 31 March 2008
(Expressed in Hong Kong dollars)

	Note	2008		2007	
		$'000	**$'000**	$'000	$'000
Non-current assets					
Fixed assets					
– Property, plant and equipment			**347,274**		267,838
– Interests in leasehold land held for own use under operating leases			**4,299**		5,293
			351,573		273,131
Intangible assets			**85,488**		516,581
Goodwill			**67,169**		74,450
Interests in associates			**713,743**		33,345
Interests in jointly controlled entities			**657,764**		504,509
Available-for-sale equity securities			**410,192**		561,936
Other financial assets	13		**481,819**		77,007
Deferred tax assets			**5,482**		8,652
			2,773,230		2,049,611
Current assets					
Other investments		**131,951**		6,417	
Inventories		**49,028**		35,760	
Trade receivables	12	**161,241**		166,544	
Other receivables, deposits and prepayments		**76,880**		97,480	
Cash and bank balances		**997,747**		688,226	
		1,416,847		994,427	
Current liabilities					
Trade payables	14	**25,467**		31,399	
Other payables and accruals		**158,375**		37,216	
Bank loans		**9,000**		110,122	
Current taxation		**6,064**		5,637	
Convertible bonds		**—**		98,836	
		198,906		283,210	
Net current assets			**1,217,941**		711,217
Total assets less current liabilities			**3,991,171**		2,760,828

Consolidated Balance Sheet *(Continued)*

at 31 March 2008
(Expressed in Hong Kong dollars)

	Note	2008		2007	
		$'000	**$'000**	$'000	$'000
Non-current liabilities					
Deferred income		**79,967**		35,161	
Other non-current liabilities		**15,203**		3,160	
Government grant		**222**		202	
Bank loans		**342,815**		—	
			438,207		38,523
NET ASSETS			**3,552,964**		2,722,305
CAPITAL AND RESERVES					
Share capital			**154,352**		152,222
Reserves			**3,078,546**		2,407,932
Total equity attributable to equity shareholders of the Company			**3,232,898**		2,560,154
Minority interests			**320,066**		162,151
TOTAL EQUITY			**3,552,964**		2,722,305

Consolidated Statement of Changes in Equity

for the year ended 31 March 2008
(Expressed in Hong Kong dollars)

	Attributable to equity shareholders of the Company												
	Share capital $'000	Share premium $'000	Capital redemption reserve $'000	Capital reserve $'000	Merger reserve $'000	Exchange reserve $'000	Surplus reserve $'000	Fair value reserve $'000	Other reserve $'000	Retained profits $'000	Total $'000	Minority interests $'000	Total equity $'000
At 1 April 2007	152,222	998,913	1,523	17,288	54,193	98,312	61,233	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	—	—	—	—	—	—	—	335,179	—	—	335,179	(5,821)	329,358
Exchange differences on translation of financial statements of companies outside Hong Kong	—	—	—	—	—	141,580	—	—	—	—	141,580	19,139	160,719
Net income recognised directly in equity	—	—	—	—	—	141,580	—	335,179	—	—	476,759	13,318	490,077
Transfer to profit or loss on disposal of available-for-sale equity securities	—	—	—	—	—	—	—	(499,324)	—	—	(499,324)	—	(499,324)
Disposal of subsidiaries	—	—	—	—	—	(32,766)	—	—	96,000	(96,000)	(32,766)	—	(32,766)
Profit for the year	—	—	—	—	—	—	—	—	—	683,744	683,744	29,909	713,653
Total recognised income and expense for the year	—	—	—	—	—	108,814	—	(164,145)	96,000	587,744	628,413	43,227	671,640
Dividend approved in respect of the previous year	—	—	—	—	—	—	—	—	—	(47,189)	(47,189)	—	(47,189)
Movements in equity arising from capital transactions:													
Equity-settled share-based transactions	—	—	—	2,850	—	—	—	—	—	—	2,850	2,128	4,978
Contribution from minority shareholders	—	—	—	—	—	—	—	—	73,328	—	73,328	112,560	185,888
Shares repurchased and cancelled	(3,385)	(89,591)	3,385	—	—	—	—	—	—	(3,385)	(92,976)	—	(92,976)
Issue of shares upon conversion of convertible bonds	5,263	101,205	—	(6,740)	—	—	—	—	—	—	99,728	—	99,728
Issue of shares upon exercise of share options	10	160	—	(10)	—	—	—	—	—	—	160	—	160
Issue of shares for scrip dividend	242	8,188	—	—	—	—	—	—	—	—	8,430	—	8,430
Transfer to surplus reserve	—	—	—	—	—	—	17,595	—	—	(17,595)	—	—	—
	2,130	19,962	3,385	(3,900)	—	—	17,595	—	73,328	(20,980)	91,520	114,688	206,208
At 31 March 2008	154,352	1,018,875	4,908	13,388	54,193	207,126	78,828	157,906	(4,670)	1,547,992	3,232,898	320,066	3,552,964

Consolidated Statement of Changes in Equity *(Continued)*

for the year ended 31 March 2008
(Expressed in Hong Kong dollars)

	Attributable to equity shareholders of the Company												
	Share capital $'000	Share premium $'000	Capital redemption reserve $'000	Capital reserve $'000	Merger reserve $'000	Exchange reserve $'000	Surplus reserve $'000	Fair value reserve $'000	Other reserve $'000	Retained profits $'000	Total $'000	Minority interests $'000	Total equity $'000
At 1 April 2006	127,621	450,039	—	14,722	54,193	28,028	44,677	513,587	—	823,131	2,055,998	49,049	2,105,047
Changes in fair value of available-for-sale equity securities	—	—	—	—	—	—	—	(138,708)	—	—	(138,708)	—	(138,708)
Exchange differences on translation of financial statements of companies outside Hong Kong	—	—	—	—	—	70,284	—	—	—	—	70,284	2,514	72,798
Net income/(expense) recognised directly in equity	—	—	—	—	—	70,284	—	(138,708)	—	—	(68,424)	2,514	(65,910)
Transfer to profit or loss on disposal of available-for-sale equity securities	—	—	—	—	—	—	—	(52,828)	—	—	(52,828)	—	(52,828)
Profit for the year	—	—	—	—	—	—	—	—	—	223,365	223,365	7,286	230,651
Total recognised income and expense for the year	—	—	—	—	—	70,284	—	(191,536)	—	223,365	102,113	9,800	111,913
Movements in equity arising from capital transactions:													
Equity-settled share-based transactions	—	—	—	3,645	—	—	—	—	—	—	3,645	682	4,327
Issue of shares	25,282	562,306	—	—	—	—	—	—	—	—	587,588	—	587,588
Capital contribution to a subsidiary	—	—	—	—	—	—	—	—	(29,731)	—	(29,731)	29,731	—
Acquisition of minority interests	—	—	—	—	—	—	—	—	(207,516)	—	(207,516)	(16,496)	(224,012)
Contribution from minority shareholders	—	—	—	—	—	—	—	—	63,249	—	63,249	89,385	152,634
Shares repurchased and cancelled	(1,523)	(29,545)	1,523	—	—	—	—	—	—	(1,523)	(31,068)	—	(31,068)
Issue of shares upon conversion of convertible bonds	842	16,113	—	(1,079)	—	—	—	—	—	—	15,876	—	15,876
Transfer to surplus reserve	—	—	—	—	—	—	16,556	—	—	(16,556)	—	—	—
	24,601	548,874	1,523	2,566	—	—	16,556	—	(173,998)	(18,079)	402,043	103,302	505,345
At 31 March 2007	152,222	998,913	1,523	17,288	54,193	98,312	61,233	322,051	(173,998)	1,028,417	2,560,154	162,151	2,722,305

Notes

(Expressed in Hong Kong dollars unless otherwise indicated)

1 STATEMENT OF COMPLIANCE

The financial information set out in this announcement has been prepared in accordance with all applicable Hong Kong Financial Reporting Standards ("HKFRSs"), which collective term includes all applicable individual Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards ("HKASs") and Interpretations issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") and accounting principles generally accepted in Hong Kong. The financial information also complies with the applicable disclosure provisions of the GEM Listing Rules. The financial information set out in this announcement does not constitute the Group's statutory financial statements for the year ended 31 March 2008 but is derived from those financial statements.

The HKICPA has issued certain new and revised HKFRSs that are first effective or available for early adoption for the current accounting period of the Group. Note 2 provides information on any changes in accounting policies resulting from initial application of these developments to the extent that they are relevant to the Group for the current and prior accounting periods.

2 CHANGES IN ACCOUNTING POLICIES

The HKICPA has issued a number of new and revised HKFRSs and Interpretations that are first effective or available for early adoption for the current accounting period of the Group and the Company.

There have been no significant changes to the accounting policies applied in the financial information for the years presented as a result of these developments. However, as a result of the adoption of HKFRS 7, *Financial instruments: Disclosures* and the amendment to HKAS 1, *Presentation of financial statements: Capital disclosures*, there have been some additional disclosures provided as follows:

As a result of the adoption of HKFRS 7, the financial statements include expanded disclosures about the significance of the Group's financial instruments and the nature and extent of risks arising from those instruments, compared with the information previously required to be disclosed by HKAS 32, *Financial instruments: Disclosure and presentation*.

The amendment to HKAS 1 introduces additional disclosure requirements to provide information about the level of capital and the Group's and the Company's objectives, policies and processes for managing capital.

Both HKFRS 7 and the amendment to HKAS 1 do not have any material impact on the classification, recognition and measurement of the amounts recognised in the financial statements.

The Group has not applied any new standard or interpretation that is not yet effective for the current accounting period.

3 TURNOVER

The Company acts as an investment holding company and the Group is principally engaged in the manufacture and sale of autologus blood recovery machines ("ABRS Machines") and disposable blood processing chambers and related accessories ("Disposable Chambers"), provision of examination, processing, separation and storage services and application-related services for blood stem cells ("Cord Blood Bank"), and research and development, manufacture and sale of natural herbal medicines ("Natural Herbal Medicines").

Turnover represents the amounts received and receivable for goods sold, less returns, allowances, VAT and other sales tax, and income from services rendered to customers, less business tax of $7,790,000 (2007: $3,580,000).

Turnover recognised during the year is analysed as follows:

	2008	2007
	$'000	$'000
Continuing operations		
Sales of ABRS Machines	**224,446**	216,765
Sales of Disposable Chambers	**58,892**	50,427
Cord Blood Bank service income	**137,809**	63,942
	421,147	331,134
Discontinued operation (note 9)		
Sales of Natural Herbal Medicines	**5,325**	9,940
	426,472	341,074

4 SEGMENT REPORTING

Business segments

The Group comprises the following main business segments:

(i) Medical Device segment: the development, manufacture and sale of medical devices including ABRS Machines and Disposable Chambers.

(ii) Cord Blood Bank segment: the provision of blood stem cells examination, processing, separation and storage services and application-related services.

(iii) Natural Herbal Medicines segment: the research and development, manufacture and sale of natural herbal medicines.

As disclosed in note 9, the Natural Herbal Medicines segment was discontinued during the year ended 31 March 2008.

	Continuing operations				Discontinued operation					
	Medical Device		Cord Blood Bank		Natural Herbal Medicines		Inter-segment elimination		Consolidated	
	2008 $'000	2007 $'000	**2008 $'000**	2007 $'000	**2008 $'000**	2007 $'000	**2008 $'000**	2007 $'000	**2008 $'000**	2007 $'000
Revenue from external customers	**283,338**	267,192	**137,809**	63,942	**5,325**	9,940	**—**	—	**426,472**	341,074
Segment result (note)	**200,940**	190,727	**62,811**	25,142	**(25,709)**	(32,960)	**—**	—	**238,042**	182,909
Unallocated operating income and expenses									**271,571**	39,929
Profit from operations									**509,613**	222,838
Finance costs									**(20,628)**	(10,817)
Gain on disposal of discontinued operation									**124,971**	—
Gain on deemed disposal of partial interests in jointly controlled entities									**55,416**	—
Share of profits less losses of associates and jointly controlled entities									**68,657**	35,597
Income tax									**(24,376)**	(16,967)
Profit after taxation (note)									**713,653**	230,651
Depreciation and amortisation for the year	**10,192**	10,027	**7,778**	5,183	**25,883**	34,271			**43,853**	49,481
Unallocated depreciation and amortisation for the year									**1,345**	201
Total depreciation and amortisation for the year									**45,198**	49,682
Impairment loss on trade and other receivables	**—**	—	**765**	1,031	**—**	—			**765**	1,031
Segment assets	**841,151**	728,507	**796,019**	490,487	**—**	542,412	**—**	(99,022)	**1,637,170**	1,662,384
Interests in associates									**713,743**	33,345
Interests in jointly controlled entities									**657,764**	504,509
Unallocated assets									**1,181,400**	843,800
Total assets									**4,190,077**	3,044,038
Segment liabilities	**29,740**	39,679	**129,549**	49,696	**—**	105,414	**—**	(99,022)	**159,289**	95,767
Unallocated liabilities									**477,824**	225,966
Total liabilities									**637,113**	321,733
Capital expenditure	**7,444**	3,152	**121,880**	2,032	**11,799**	6,432	**—**	—	**141,123**	11,616
Unallocated capital expenditure									**146**	4,487
Total capital expenditure									**141,269**	16,103

The Group's turnover and operating profit derived from activities outside the PRC are insignificant. Therefore, no analysis by geographical segment is provided.

4 SEGMENT REPORTING *(Continued)*

Business segments *(Continued)*

Note:

Reconciliation from segment results of continuing and discontinued operations to profit/(loss) for the year:

	Continuing operations		**Discontinued operation**		**Consolidated**	
	2008	2007	**2008**	2007	**2008**	2007
	$'000	$'000	**$'000**	$'000	**$'000**	$'000
Segment results	**263,751**	215,869	**(25,709)**	(32,960)	**238,042**	182,909
Unallocated operating income and expenses	**271,560**	39,921	**11**	8	**271,571**	39,929
Profit/(loss) from operations	**535,311**	255,790	**(25,698)**	(32,952)	**509,613**	222,838
Finance costs	**(20,628)**	(10,817)	**—**	—	**(20,628)**	(10,817)
Gain on disposal of discontinued operation	**—**	—	**124,971**	—	**124,971**	—
Gain on deemed disposal of partial interests in jointly controlled entities	**55,416**	—	**—**	—	**55,416**	—
Share of profits less losses of associates and jointly controlled entities	**68,657**	35,597	**—**	—	**68,657**	35,597
Income tax	**(24,244)**	(15,818)	**(132)**	(1,149)	**(24,376)**	(16,967)
Profit/(loss) for the year	**614,512**	264,752	**99,141**	(34,101)	**713,653**	230,651

5 OTHER REVENUE

	2008	2007
	$'000	$'000
Continuing operations		
Interest income on financial assets not at fair value through profit or loss	**31,228**	26,860
Interest income on financial assets at fair value through profit or loss	**2,840**	—
VAT refunds	**18,491**	17,837
Compensation income	**9,898**	—
Dividend income from listed securities	**1,508**	—
Sundry income	**209**	—
	64,174	44,697
Discontinued operation (note 9)		
Interest income on financial assets not at fair value through profit or loss	**11**	8
Government grants	**—**	572
	11	580
	64,185	45,277

Pursuant to the relevant government policies and approval documents from the local government authorities, one of the Group's PRC subsidiaries is entitled to a VAT refund which is calculated at approximately 14% (2007: 14%) of sales of software products embedded in the ABRS Machines.

6 OTHER NET INCOME

	2008	2007
	$'000	$'000
Continuing operations		
Available-for-sale equity securities: transfer from equity on disposal	**499,324**	52,828
Net realised and unrealised (loss)/gain on trading securities and derivatives	**(149,449)**	20,135
Net unrealised loss on financial assets at fair value through profit or loss	**(13,073)**	—
Exchange (loss)/gain	**(4,381)**	55
Net (loss)/gain on disposal of property, plant and equipment	**(282)**	75
Others	**296**	(78)
	332,435	73,015
Discontinued operation (note 9)		
Net loss on disposal of property, plant and equipment	**(131)**	(1)
	332,304	73,014

7 PROFIT BEFORE TAXATION

Profit before taxation is arrived at after charging:

		2008 $'000	2007 $'000
(a)	Finance costs:		
	Continuing operations		
	Interest on bank loans wholly repayable within five years	**18,558**	6,867
	Interest on convertible bonds	**1,304**	3,557
	Other borrowing costs	**766**	393
		20,628	10,817
(b)	Staff costs#:		
	Continuing operations		
	Salaries, wages and other benefits	**95,333**	48,362
	Contributions to defined contribution retirement plans	**2,655**	737
	Equity settled share-based payment expenses	**4,978**	4,327
		102,966	53,426
	Discontinued operation		
	Salaries, wages and other benefits	**1,610**	1,534
	Contributions to defined contribution retirement plans	**401**	387
		2,011	1,921
		104,977	55,347

7 PROFIT BEFORE TAXATION *(Continued)*

		2008	2007
		$'000	$'000
(c)	Other items:		
	Continuing operations		
	Cost of inventories#	**101,107**	78,168
	Amortisation of land lease premium#	**95**	89
	Amortisation of intangible assets#	**2,946**	2,008
	Depreciation of property, plant and equipment#	**16,274**	13,314
	Impairment loss on trade and other receivables	**765**	1,031
	Research and development costs	**3,558**	3,180
	Auditor's remuneration		
	– audit services	**4,718**	3,993
	– other services	**1,500**	800
	Operating lease charges in respect of#		
	– properties	**7,152**	2,605
	– other assets	**520**	501
	Discontinued operation		
	Cost of inventories#	**3,697**	5,286
	Amortisation of land lease premium#	**78**	100
	Amortisation of intangible assets#	**20,948**	28,677
	Depreciation of property, plant and equipment#	**4,857**	5,494
	Research and development costs	**406**	1,484
	Operating lease charges in respect of properties#	**—**	432

Cost of inventories includes $10,040,000 (2007: $8,849,000) from continuing operations and $2,576,000 (2007: $3,203,000) from discontinued operation relating to staff costs, depreciation and amortisation expenses and operating lease charges, which amount is also included in the respective total amounts disclosed separately above or in note 7(b) for each of these types of expenses.

8 INCOME TAX IN THE CONSOLIDATED INCOME STATEMENT

(a) Continuing operations

(i) Taxation in the consolidated income statement represents:

	2008	2007
	$'000	$'000
Current tax - Outside Hong Kong		
PRC income tax for the year	**28,659**	15,818
Deferred tax		
Effect of change in tax rate	**(1,224)**	—
Origination and reversal of temporary differences	**(3,191)**	—
	(4,415)	—
	24,244	15,818

(ii) Reconciliation between tax expense and accounting profit at applicable tax rates:

	2008	2007
	$'000	$'000
Profit before taxation	**638,756**	280,570
Notional taxation on profit before taxation, calculated at the rates applicable to profits in the jurisdictions concerned	**145,817**	81,789
Tax effect of non-deductible expenses	**50,117**	11,994
Tax effect of non-taxable revenue	**(124,097)**	(28,347)
Reduced tax rate approved by tax authorities	**(30,008)**	(30,580)
Income tax exemption	**(14,547)**	(19,038)
Tax effect of previously unrecognised deferred tax assets and liabilities now recognised	**(1,814)**	—
Effect of change in tax rate	**(1,224)**	—
Actual tax expense	**24,244**	15,818

8 INCOME TAX IN THE CONSOLIDATED INCOME STATEMENT *(Continued)*

(b) Discontinued operation (note 9)

(i) Taxation in the consolidated income statement represents:

	2008	2007
	$'000	$'000
Deferred tax		
Effect of change in tax rate	**253**	2,702
Origination and reversal of temporary differences	**(121)**	(1,553)
	132	1,149

(ii) Reconciliation between tax expense and accounting loss at applicable tax rates:

	2008	2007
	$'000	$'000
Loss before taxation	**(25,698)**	(32,952)
Notional taxation on profit before taxation, calculated at the rates applicable to profits in the jurisdictions concerned	**(8,480)**	(10,874)
Tax effect of non-deductible expenses	**8,064**	9,715
Tax effect of previously unrecognised deferred tax assets now recognised	**—**	(1,333)
Tax effect of unused tax losses not recognised	**295**	939
Effect of change in tax rate	**253**	2,702
Actual tax expense	**132**	1,149

8 INCOME TAX IN THE CONSOLIDATED INCOME STATEMENT *(Continued)*

(c) PRC income tax

The Group's subsidiaries in the PRC are subject to PRC income tax.

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

Another subsidiary of the Group, Beijing Jiachenhong Biological Technologies Co., Ltd. ("Jiachenhong") which was also registered in the Beijing Economic and Technology Development Zone and subject to an income tax rate of 15% prior to 31 December 2007, was fully exempted from PRC income tax for the two years ended 31 December 2005 and entitled to a 50% reduction of PRC income tax for the three years ending 31 December 2008.

On 16 March 2007, the Fifth Plenary Session of the Tenth National People's Congress promulgated the Corporate Income Tax Law of the PRC (the "New Tax Law"), which has become effective on 1 January 2008. According to the New Tax Law, from 1 January 2008, the standard corporate income tax rate for enterprises in the PRC is reduced from 33% to 25%.

Further, the State Council released the Implementation Rules to the Corporate Income Tax Law on 6 December 2007 and Notice on the Implementation Rules of the Grandfathering Relief under the Corporate Income Tax Law (Guo Fa [2007] No. 39) on 26 December 2007 (collectively, the "Implementation Rules"). Under the New Tax Law and the Implementation Rules, an entity established before 16 March 2007 that was entitled to preferential tax treatment prior to the New Tax Law becoming effective will be subject to transitional tax rates before the new corporate income tax rate of 25% applies. For Jingjing and Jiachenhong, the transitional tax rates are 18%, 20%, 22% and 24% in calendar years ending 31 December 2008, 2009, 2010 and 2011 respectively and the corporate income tax rate of 25% will apply from 1 January 2012 onwards.

Further, under the Implementation Rules, the 50% reduction of PRC income tax granted to Jiachenhong will be grandfathered and will continue to be granted to Jiachenhong until expiry on 31 December 2008. As a result of the New Tax Law and the Implementation Rules, current taxation for Jingjing and Jiachenhong has been accrued based on tax rates of 18% and 9% respectively for the three months ended 31 March 2008.

The rest of the Group's subsidiaries in the PRC were subject to PRC income tax at a rate of 33% prior to 31 December 2007. As a result of the New Tax Law, the income tax rate applicable to these subsidiaries has been reduced from 33% to 25% from 1 January 2008.

(d) Hong Kong Profits Tax

No provision for Hong Kong Profits Tax has been made for the years ended 31 March 2008 and 2007 as the Group did not have any profits assessable to Hong Kong Profits Tax during the current and prior years.

(e) Cayman Islands Tax

Under the legislation of the Cayman Islands, the Group is not subject to tax on income or capital gains.

9 DISCONTINUED OPERATION

On 19 December 2007, the Group entered into a sale and purchase agreement for the disposal of its entire equity interest in a subsidiary, Qi Jie Yuan Medicine Holding (HK) Limited, which in turn held 100% equity interests in Beijing Qijieyuan Pharmaceutical Technology Development Co., Ltd and Shanghai Baisuihang Pharmaceutical Co., Ltd., to a third party company, China Healthcare Inc. ("CHI") in exchange for a 40% equity interest in CHI and a 5-year unsecured note issued by CHI in the principal amount of GBP24,000,000. The transaction was completed on 31 December 2007. As a result of the transaction, the Group's Natural Herbal Medicines segment has been classified as discontinued operation. Following the completion of the transaction, the Group holds a 40% equity interest in CHI and such interest is recognised as part of interests in associates in the Group's consolidated financial statements. Further details in relation to this transaction are set out in the Company's circular dated 4 January 2008.

The results of the discontinued operation for the years ended 31 March 2008 and 2007 are as follows:

	2008	2007
	$'000	$'000
Turnover (note 3)	**5,325**	9,940
Cost of sales	**(24,645)**	(33,963)
Gross loss	**(19,320)**	(24,023)
Other revenue (note 5)	**11**	580
Other net loss (note 6)	**(131)**	(1)
Selling expenses	**(14)**	(42)
Administrative expenses	**(6,244)**	(9,466)
Loss before taxation (note 7)	**(25,698)**	(32,952)
Income tax (note 8(b))	**(132)**	(1,149)
Loss for the year	**(25,830)**	(34,101)
Gain on disposal of discontinued operation, net of tax of $Nil	**124,971**	—
Profit/(loss) for the year from discontinued operation attributable to equity shareholders of the Company	**99,141**	(34,101)

10 DIVIDEND

(a) Dividend payable to equity shareholders of the Company attributable to the year

	2008	2007
	$'000	$'000
Final dividend proposed after the balance sheet date of Nil (2007: 3.1) cents per ordinary share	—	47,189

The final dividend proposed after the balance sheet date has not been recognised as a liability at the balance sheet date.

(b) Dividend payable to equity shareholders of the Company attributable to the previous financial year, approved and paid during the year

	2008	2007
	$'000	$'000
Final dividend in respect of the previous financial year, approved and paid during the year, of 3.1 (2007: Nil) cents per ordinary share	**47,189**	—

11 EARNINGS/(LOSS) PER SHARE

(a) Basic earnings/(loss) per share

The calculation of basic earnings/(loss) per share is based on the consolidated profit attributable to equity shareholders of the Company of $683,744,000 (2007: $223,365,000) divided by the weighted average number of 1,550,824,000 (2007: 1,510,133,000) ordinary shares in issue during the year, calculated as follows:

Weighted average number of ordinary shares

	2008 Shares '000	2007 Shares '000
Issued ordinary shares at the beginning of the year	**1,522,224**	1,276,211
Effect of issue of shares	**—**	240,356
Effect of shares repurchased and cancelled	**(1,547)**	(8,487)
Effect of conversion of convertible bonds	**28,905**	2,053
Effect of share options exercised	**13**	—
Effect of scrip dividend	**1,229**	—
Weighted average number of ordinary shares at the end of the year	**1,550,824**	1,510,133

	2008 $'000	2007 $'000
From continuing and discontinued operations		
Profit attributable to equity shareholders	**683,744**	223,365
From continuing operations		
Profit attributable to equity shareholders	**584,603**	257,466
From discontinued operation		
Profit/(loss) attributable to equity shareholders	**99,141**	(34,101)
From continuing and discontinued operations		
Basic earnings per share (HK cents)	**44.1**	14.8
From continuing operations		
Basic earnings per share (HK cents)	**37.7**	17.0
From discontinued operation		
Basic earnings/(loss) per share (HK cents)	**6.4**	(2.2)

11 EARNINGS/(LOSS) PER SHARE *(Continued)*

(b) Diluted earnings/(loss) per share

The calculation of diluted earnings/(loss) per share is based on the consolidated profit attributable to equity shareholders of $683,992,000 (2007: $226,793,000) and the weighted average number of 1,612,836,000 (2007: 1,591,741,000) ordinary shares in issue during the year after adjusting for the effect of all dilutive potential shares, calculated as follows:

(i) Profit attributable to equity shareholders of the Company (diluted)

	2008	2007
	$'000	$'000
From continuing and discontinued operations		
Profit attributable to equity shareholders	**683,744**	223,365
After tax effect of effective interest on liability component of convertible bonds	**1,304**	3,557
Dilutive impact on profit from deemed issue of ordinary shares of a subsidiary under the share option scheme of a subsidiary for nil consideration	**(1,056)**	(129)
Profit attributable to equity shareholders (diluted)	**683,992**	226,793
Attributable to:		
Continuing operations	**584,851**	260,894
Discontinued operation	**99,141**	(34,101)
	683,992	226,793

11 EARNINGS/(LOSS) PER SHARE *(Continued)*

(b) Diluted earnings/(loss) per share *(Continued)*

(ii) Weighted average number of ordinary shares (diluted)

	2008 Shares '000	2007 Shares '000
Weighted average number of ordinary shares at 31 March	**1,550,824**	1,510,133
Effect of conversion of convertible bonds	**23,727**	59,000
Effect of deemed issue of shares under the Company's share option scheme for nil consideration	**38,285**	22,608
Weighted average number of ordinary shares (diluted) at 31 March	**1,612,836**	1,591,741
From continuing and discontinued operations		
Diluted earnings per share (HK cents)	**42.4**	14.3
From continuing operations		
Diluted earnings per share (HK cents)	**36.3**	16.4
From discontinued operation		
Diluted earnings/(loss) per share (HK cents)	**6.1**	(2.1)

12 TRADE RECEIVABLES

	2008 $'000	2007 $'000
Trade receivables	**170,328**	174,418
Less: Allowance for doubtful debts (note 12(b))	**(9,087)**	(7,874)
	161,241	166,544

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

Credit evaluations are performed on all customers requiring credit over a certain amount. Status of the receivables is closely monitored to minimise any credit risk associated with these receivables. Except for instalment receivables from the rendering of Cord Blood Bank services, trade receivables are due within 60 to 180 days from the date of billing. For instalments receivable, regular review is carried out and follow up actions are taken on overdue amounts to minimise the Group's exposure to credit risk. Normally, the Group does not hold any collateral over trade receivables.

12 TRADE RECEIVABLES *(Continued)*

(a) *Details of the ageing analysis of trade receivables (net of allowance for doubtful debts) are as follows:*

	2008	2007
	$'000	$'000
Within 6 months	**158,577**	145,908
Between 7 and 12 months	**1,400**	19,618
Over one year	**1,264**	1,018
	161,241	166,544

(b) *Impairment of trade receivables*

Impairment losses in respect of trade receivables are recorded using an allowance account unless the Group is satisfied that recovery of the amount is remote, in which case the impairment loss is written off against trade receivables directly.

The movement in the allowance for doubtful debts during the year is as follows:

	2008	2007
	$'000	$'000
At beginning of the year	**7,874**	6,518
Impairment loss recognised	**433**	1,031
Exchange adjustments	**780**	325
At end of the year	**9,087**	7,874

At 31 March 2008, the trade receivables of the Group totalling $9,112,000 (2007: $7,897,000) were individually determined to be impaired. The individually impaired receivables related to customers that were in financial difficulties and/or have defaulted on payments and management assessed that only a portion of the receivables is expected to be recovered. Consequently, a specific allowance for doubtful debts of $9,087,000 (2007: $7,874,000) was recognised. The Group does not hold any collateral over these balances.

12 TRADE RECEIVABLES *(Continued)*

(c) Trade receivables that are not impaired

The ageing analysis of trade receivables that are neither individually nor collectively considered to be impaired is as follows:

	2008	2007
	$'000	$'000
Neither past due nor impaired	**137,087**	129,291
Within 6 months	**21,490**	16,617
Between 7 and 12 months	**1,400**	19,618
Over one year	**1,239**	995
	24,129	37,230
	161,216	166,521

Receivables that were neither past due nor impaired relate to a wide range of customers for whom there was no recent history of default.

Receivables that were past due but not impaired relate to a number of independent customers that have a good track record with the Group. Based on past experience, management believes that no impairment allowance is necessary in respect of these balances as there has not been a significant change in credit quality and the balances are still considered fully recoverable. The Group does not hold any collateral over these balances.

13 OTHER FINANCIAL ASSETS

	2008	2007
	$'000	$'000
Non-current trade receivables	**28,122**	11,824
Non-current prepayments	**416,502**	65,183
Financial assets at fair value through profit or loss	**37,195**	—
	481,819	77,007

(a) Non-current trade receivables

	2008	2007
	$'000	$'000
Non-current trade receivables	**28,474**	11,824
Less: Allowance for doubtful debts (Note)	**(352)**	—
	28,122	11,824

The Group offers its customers various payment terms for provision of blood stem cell storage facilities services. The amount represents instalments receivable from the rendering of blood stem cells examination and processing services, which is stated at amortised cost with an effective interest rate of 3.16% (2007: 3.16%) per annum. The amount receivable within twelve months from the balance sheet date is included under current assets.

13 OTHER FINANCIAL ASSETS *(Continued)*

(a) Non-current trade receivables *(Continued)*

Note:

Impairment of trade receivables

Impairment losses in respect of non-current trade receivables are recorded using an allowance account unless the Group is satisfied that recovery of the amount is remote, in which case the impairment loss is written off against non-current trade receivables directly.

The movement in the allowance for doubtful debts during the year is as follows:

	2008	2007
	$'000	$'000
At beginning of the year	**—**	—
Impairment loss recognised	**332**	—
Exchange adjustments	**20**	—
At end of the year	**352**	—

At 31 March 2008, the Group's non-current trade receivables of $352,000 (2007: $Nil) were individually determined to be impaired. The individually impaired receivables related to customers that have defaulted on payments and management assessed that the receivables are not expected to be recovered. Consequently, a specific allowance for doubtful debts of $352,000 (2007: $Nil) was recognised. The Group does not hold any collateral over these balances. The remaining non-current trade receivables are neither past due nor impaired.

(b) Non-current prepayments

Included in non-current prepayments of the Group as at 31 March 2008 are deposits of $395,621,000 for healthcare projects including the proposed acquisition of a 60% equity interest in an entity, which possesses the management rights of two hospitals in the PRC. On 24 June 2008, the Group executed an agreement in connection with the acquisition.

Non-current prepayments of the Group as at 31 March 2007 included $31,297,000 being earnest money paid in connection with the acquisition of a 90% equity interest in Guangzhou Municipality Tianhe Nuoya Bio-engineering Co., Ltd., which has been applied against the purchase consideration upon completion of the acquisition in May 2007.

Non-current prepayments are neither past due nor impaired.

(c) Financial assets at fair value through profit or loss

During the year ended 31 March 2008, the Group acquired a structured deposit issued by a financial institution which has a two-year term and carries interest based on changes in an interest rate index which varies inversely with changes in market interest rates in the United States. The interest that the deposit carries, which is payable upon the maturity of the structured deposit, has positive correlation with the interest rate index and will be nil should the interest rate index fall below a certain level on the maturity date. The embedded derivative could at least double the deposit's initial rate of return and could also result in a rate of return that is at least twice what otherwise would be the market return for such a deposit, and is therefore considered not closely related to the host deposit. The structured deposit is designated as at fair value through profit or loss, and stated at fair value with remeasurements to fair value recognised as other net income. An unrealised gain of $5,995,000 (2007: $Nil) has been credited to profit or loss for the year ended 31 March 2008.

14 TRADE PAYABLES

The Group is normally granted credit periods of 1 to 3 months by its suppliers. Details of the ageing analysis of trade payables are as follows:

	2008	2007
	$'000	$'000
Due within 3 months or on demand	**25,467**	31,399

15 NON-ADJUSTING POST BALANCE SHEET EVENT

On 24 June 2008, the Group entered into an agreement for the acquisition of a 60% equity interest in an entity which possesses the management rights of two hospitals in the PRC. Total consideration for the acquisition is $830,000,000 to be satisfied in cash. During the year ended 31 March 2008, the Group has paid a portion of the consideration for the acquisition (see note 13(b)) and the remaining consideration is expected to be satisfied by the Group's internal resources. Further details in relation to this acquisition are set out in the Company's announcement dated 24 June 2008. The acquisition has not yet been completed up to the date of this annual results announcement.

16 COMPARATIVE FIGURES

As a result of the discontinued operation, certain comparative figures have been adjusted or re-classified to conform with changes in disclosures in the current year and to show separately comparative amounts in respect of items disclosed for the first time in 2008. Further details of these developments are disclosed in note 9.

Management Discussion and Analysis

OVERALL BUSINESS REVIEW

Golden Meditech Company Limited achieved satisfying results in the 2007/08 financial year. The Group not only continued to maintain its leading position in all business segments, but also improved the corporate structure of its business operations comprising primarily medical devices and healthcare services and its product mix. All these laid solid foundations for the Group to sustain its high-growth momentum into the future.

The Group recorded total revenue of HK$421,147,000 in the 2007/2008 financial year, up 27% from that in the previous year. The Group's profit for the year increased by 209% to HK$713,653,000, while the profit attributable to equity shareholders of the Company surged by 206% to HK$683,744,000. The basic earnings per share increased by 198% to HK44.1 cents.

BUSINESS SEGMENT REVIEW

The Medical Devices Segment – Maintaining Stable Development

The Medical Devices Segment, one of the Group's core businesses, maintained steady growth and its leading position in the market. The sale of the Segment's Autologous Blood Recovery System ("ABRS") has entered a stage of steady growth. For the year under review, the turnover and operating profit of the Medical Devices Segment were HK$283,338,000 and HK$200,940,000 respectively. The Group plans to launch in the coming year two new products, namely, Model 3000H Plasma Exchange System and Model HS-9000 Accelerated Thermostatic Infusion Pump. The management expects that these two new products will generate considerable sales and thus become the focal points for the Segment's income growth in the long run.

As a result of the enactment of the new "Corporate Income Tax Law of the People's Republic of China" on 1 January 2008, the corporate income tax rate applicable to the Medical Devices Segment is expected to rise from 10% in Calendar Year 2007 to 18% in Calendar Year 2008. Such substantial increase in the corporate income tax rate will bring about negative impact on the Segment's net profit going forward. As such, the management will adjust all strategies and approaches, implement all necessary strategies and tactics and explore new cooperation opportunities with multinational companies carrying on similar business in order to offset the impact of the higher income tax rate. Such efforts are believed conducive to enhance the Group's competitiveness and profitability. The management considers that following the consolidation of the leading position of its flagship product, successful launch of new products and fostering of international strategic partnerships, the Medical Devices Segment will maintain its strong position in the market and increase returns for the Group in the near future.

Healthcare Services Segment – Cord Blood Bank Services Continuing to Grow by Leaps and Bounds

Through the unrelenting efforts of the management team, the Cord Blood Bank Segment extended its operation from Beijing to Guangdong Province, which in turn increased the size of its target market by 10 times. The Segment recorded a turnover of HK$137,809,000, representing a surge of 116% compared to last year. The Segment's contribution to the Group's operating profit increased significantly by 150% from HK$25,142,000 in the last financial year to HK$62,811,000 in the current financial year. The Group's subsidiary, China Cord Blood Services Corporation ("CCBS"), is the first and the only cord blood storage service provider to have more than one operating permits in China. Currently only six regions in China are permitted to provide cord blood storage services, and CCBS owns the exclusive operating licenses in Beijing and Guangdong Province.

Benefiting from the booming economy of China, its one-child policy and the families' increased care and attention to the children throughout the country, the synergies provided by the Group's established sales network with the hospitals, advantages offered by exclusive operating rights in the designated regions and effective marketing and promotion campaigns, the Cord Blood Bank Segment has entered into a high-growth phase. Back by the continuous growth of the Segment, two new cord blood bank facilities in Beijing and Guangdong Province are under construction and will commence operation in 2008, laying solid foundations for the Segment's strong growth in the future.

As a result of the enactment of new tax law mentioned above, the income tax rate applicable to the Beijing Cord Blood Bank is expected to increase from 7.5% in Calendar Year 2007 to 9% in Calendar Year 2008. The income tax rate applicable to the Guangdong Cord Blood Bank, however, is expected to decrease from 33% in Calendar Year 2007 to 25% in Calendar Year 2008. In light of the tremendous growth prospects for the Guangdong Cord Blood Bank and its huge potential contribution to the Group's profit in the future, the management considers that the current overall impacts on the Group's Cord Blood Bank Segment arising from the change of tax rate are positive.

To meet the funding needs of its business, CCBS raised approximately US$23,000,000 through a private placement in May 2007, based on a valuation of US$200 million, giving rise to a surge of CCBS's valuation by nearly six folds over the last four years. After this share placement, the Group has a 50.25% equity interest in CCBS.

Natural Herbal Medicines Segment - Extended Reach to European Market

In December 2007, the merge of the Group's Natural Herbal Medicines Segment with China Healthcare Inc. (CHI), one of the largest retail chains of healthcare products in England and Ireland, by way of a reorganization of their assets successfully completed. After the merge, CHI became a 40% associate of the Group, and the Group is in possession of the capacities for research and development, production, testing, sales and rendering services in natural herbal medicines via its 40% equity interest in CHI. This enabled the Natural Herbal Medicines Segment to avoid the fierce competition in the domestic market and at the same time created unrivaled competitive advantages over its competitors. The management believes that this business will become a new driving force for the Group's profit growth. The Segment was classified as a discontinued operation in the Group's consolidated financial statements for the year ended 31 March 2008, but the Group will continue equity accounting for its share of profit of CHI.

Strategic Investments – Focused on Healthcare Industry

Golden Meditech not only has experienced management teams with demonstrated capabilities of commercializing innovative products and strong leading position in the market but also a sound track record of successful investments and experiences. For example, the new subscriber sign-ups in the Cord Blood Bank Segment has grown at a compound annual growth rate of more than 100% since it was acquired in 2003. The consumer electronic products distribution business has successfully brought in strategic investors during the year ended 31 March 2008 and raised US$90,000,000 through a private placement at a valuation of US$270 million. The management adheres to its pro-active but prudent approach in making strategic investments and will strive to fulfill its pledge of maximizing the shareholders' value by leveraging on its competitive advantages in different areas including its existing businesses, distribution network and management capabilities to capture any upcoming opportunities.

FINANCIAL REVIEW

Overview

For the year ended 31 March 2008, all business segments of the Group registered steady and healthy growth with favorable returns. Such satisfactory results were in line with management's expectations. Turnover amounted to HK$421,147,000, representing an increase of 27% as compared to last year. Basic earnings per share from continuing operations reached HK37.7cents. Among the three core business segments, the Medical Devices Segment remained as the Group's principle source of operating income, accounting for 67% of the total turnover. The Cord Blood Bank Segment contributed the remaining 33% of the turnover after three consecutive years of high growth. The management believes that the Medical Devices Segment will continue to bring stable and substantial revenue to the Group, while the percentage of turnover contributed by the Cord Blood Bank Segment will be increasing.

Gross profit margin

The Group's overall gross profit margin remained at 71% for the year under review. The gross profit margins for the Medical Devices Segment and the Cord Blood Bank Segment are at approximate levels.

Other net income

The Group adopted a cautious and prudent approach in capital and assets management in view of the volatility of the capital markets. During the year, the Group carried out a series of treasury measures to improve its capital efficiency. This included entering into certain financial derivative contracts to hedge the Group's holdings in some listed securities, entering into certain principal protected deposit agreements to maximize the Group's capital return and investing in several low-risk publicly traded securities. Total net income from these treasury activities amounted to HK$336,802,000 for the year under review.

Selling and administrative expenses

Along with the increases in the Group's turnover and profits, total selling and administrative expenses recorded an increase, from last year's HK$96,435,000 to the current financial year's HK$160,409,000. Excluding the staff performance bonus retained in response to the Group's exceptional performance this financial year, selling and administrative expenses accounted for 30% of the total revenue, at the same level as last year. The Group has always adhered to prudent cost controls and will continue to ensure that expenses are kept at a reasonable level.

Research and development (R&D) and successful outcomes

Currently, the Group's R&D concentrates mostly on medical devices and natural herbal medicines. For the year under review, the Group obtained approvals from the State Food and Drug Administration for production of Model 3000H Plasma Exchange System and Model HS-9000 Accelerated Thermostatic Infusion Pump. Following their launches in the market, the two products are expected to make a significant contribution to the Group's income growth.

Finance costs

For the year ended 31 March 2008, finance costs rose to HK$20,628,000 compared to HK$10,817,000 last year. Such increase was the result of a 5-year unsecured bank loan of US$30,000,000 obtained during the year. The new bank loan interest rate is based on the forward interest rates expectation, and the interests are paid annually at each anniversary of the draw down period.

Share buyback and dividend policy

Creating value and increasing returns to shareholders have always been the ultimate goal of Golden Meditech's management team. Throughout the past few years, the Group has carried out a stable cash dividend policy (about 20% of the net income is appropriated for dividend payment). For the year under review, the management mobilized HK$93,000,000 for the shares buybacks, out of the confidence in the intrinsic value and future development of the Group. Such share buybacks preserve the shareholders' value. In view of the volatility of the global financial markets in this year and the uncertainty of the markets in the future, the management does not propose the payment of final dividend in order to retain funds and, depending on market conditions, to carry out at the appropriate time another share buyback to maximize the shareholders' value.

Capital structure, liquidity and financial resources

Assets and shareholder interests

As at March 31, 2008, the Group's total assets were HK$4,190,077,000 (2007: $3,044,038,000); Shareholders' interests recorded as HK$3,232,898,000 (2007: HK$2,560,154,000).

Liquidity

As at March 31, 2008, the Group's cash and bank balances were HK$997,747,000 (2007: HK$688,226,000); total bank borrowings were HK$351,815,000 (2007: HK$110,122,000).

Financial resources

The Group has always maintained a stable financial position and has sufficient cash to satisfy future cash requirements. As at March 31, 2008, the Group's interest-bearing liabilities totalled HK$351,815,000 (2007: HK$208,958,000).

Gearing ratio

As at 31 March 2008, the Group's gearing ratio was 9.9 %, calculated as a percentage of total interest-bearing liabilities over total equity (2007: 7.7%).

Exchange rate risk

The Group's sales and purchases are mainly conducted in Renminbi. The Group's main assets and liabilities are also denominated in Renminbi. The management believes that the trend in the appreciation of Renminbi will benefit the Group and currently any currency hedging arrangements are not necessary.

Employees

The Group, including subsidiaries but excluding associates and jointly controlled entities, employs 561 full-time employees in Hong Kong and the PRC. During the year under review, the Group incurred staff costs (including Directors' remuneration and contribution to mandatory provident funds) of HK$102,966,000 (2007: HK$53,426,000).

Treasury policies

The Group adopts prudent treasury policies. To reduce exposure to credit risk, the Group performs recurring credit evaluations on the financial positions of its customers. To manage liquidity risk, the management closely monitors the liquidity of the Group to ensure that the liquidity structure of the Group can satisfy the funding requirements.

Charges on group assets

As at 31 March 2008, the total net book value of the assets charged for bank loans amounted to HK$100,754,000 (2007: HK$97,733,000).

Corporate Strategies & Prospects

Being a China-market-focused and fast-growing healthcare corporation, Golden Meditech always focuses its attention on its core businesses, to ensure the successful execution and implementation of every of its decided corporate strategies and to sustain its growth momentum and to fulfil its commitment to shareholders to enhance their valuation and returns.

The Group's corporate strategies are as follows:

1. Develop and perfect its existing integrated medical device and healthcare services business platform, optimize product portfolios and reinforce its presence in each segments.

2. Boost the organic growth of core businesses and strengthen its leading position in each segment through market penetration, geographic expansion and new product development.

3. Drive growth of the core businesses via strategic investments, and mergers and acquisitions by leveraging on our management experiences in commercializing innovative products and healthcare services in China as well as the Group's competitive edges in terms of brand recognition, nationwide customer networks and distribution channels, to pave the way for a strong and sustainable growth for a long run.

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

Except for the repurchase of the Company's own ordinary shares as set out below, there was no purchase, sale or redemption of the Company's listed securities by the Company or any of its subsidiaries during the year.

Repurchase of own shares

During the year ended 31 March 2008, the Company repurchased its own ordinary shares on the Stock Exchange as follows:

Month/year	**Number of shares repurchased** ('000)	**Highest price paid per share** HK$	**Lowest price paid per share** HK$	**Aggregate price paid** HK$'000
August 2007	208	3.01	2.62	553
March 2008	33,644	3.00	2.25	92,176
	33,852			92,729

During the year ended 31 March 2007, a total of 15,232,000 shares were repurchased at an aggregate price paid of HK$31,068,000 which includes related expenses of HK$121,000.

The repurchased shares were cancelled and accordingly the issued share capital of the Company was reduced by the nominal value of these shares. Pursuant to section 37(4) of the Companies Law (2004 Revision) of the Cayman Islands, an amount equivalent to the par value of the shares cancelled of HK$3,385,000 (2007: HK$1,523,000) was transferred from retained profits to the capital redemption reserve. The premium paid on the repurchase of the shares of HK$89,591,000 (2007: HK$29,545,000), including related expenses of HK$247,000 (2007: HK$121,000) was charged to the share premium account.

CODE ON CORPORATE GOVERNANCE PRACTICES

Good corporate governance has always been recognised as vital to the Group's success and development. The Board is committed to achieving and maintaining high standards of corporate governance. The Board recognises that such commitment is essential in upholding accountability and transparency, enhancing the performance of the Company and safeguarding the interests of the shareholders.

The Company has applied the principles as set out in the Code on Corporate Governance Practices as set out in Appendix 15 of the GEM Listing Rules (the "CG Code") and complied with all the Code Provisions except for Code Provision A.2.1. It has also put in place certain Recommended Best Practices. The Board periodically reviews the corporate governance practices of the Company to ensure that they meet the requirements of the CG Code.

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 healthcare industry. The Board and management are of the view that the assumption of these positions by Mr. Kam is beneficial to the business development of the Group.

Audit Committee

The Company established an audit committee (the "Audit Committee") in December 2001 and has formulated its written terms of reference in compliance with Rules 5.28 and 5.29 of the GEM Listing Rules.

The Audit Committee held four meetings during the year ended 31 March 2008. Working closely with the management of the Company, the Audit Committee has reviewed the Company's annual, interim and quarterly results, the accounting principles and practices adopted by the Group, discussed with the Board and management on internal controls, risk management and financial reporting matters, and reviewed the independence and performance of the external auditors. The Company's annual results for the year ended 31 March 2008 have been reviewed by the Audit Committee.

By order of the Board
KAM Yuen
Chairman

HONG KONG, 25 June 2008

As at the date of this announcement, the Board is composed of 7 directors. The executive directors are Mr. Kam Yuen (Chairman), Ms. Jin Lu, Mr. Lu Tian Long and Ms. Zheng Ting and the independent non-executive directors are Prof. Cao Gang, Mr. Gao Zong Ze and Prof. Gu Qiao.

This announcement 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.