THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

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

If you have sold or transferred all your shares in **Golden Meditech Company Limited**, you should at once hand this circular and the accompanying form of proxy to the purchaser or transferee or to the bank, stockbroker or other agent through whom the sale or transfer was effected for transmission to the purchaser or transferee.

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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

PROPOSED ACQUISTION OF INTERESTS IN COMPANIES ENGAGED IN HOSPITAL MANAGEMENT AND CONSULTANCY SERVICES IN THE PRC

Financial Adviser to the Company

REXCAPITAL (Hong Kong) Limited

A letter from the Board is set out on page 5 to 23 of this circular.

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

7 July 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 and no assurance is given that there will be a liquid market in the securities traded on GEM.

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

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

"Acquisitions"	the acquisitions of (i) the Sale Shares and the Shareholder's Loan from Montego Bay by GM Hospital; and (ii) Beijing FZS's 70% contributed amount in Beijing Dao Pei Hospital and 70% equity interest in Shanghai Dao Pei Technology from Beijing FZS by China Bright on the terms contained in the Agreement
"Agreement"	the Agreement entered into among Montego Bay, GM Hospital and China Bright on 24 June 2008 in respect of the Acquisitions
"Associate"	which shall have the same meaning as defined in the GEM Listing Rules
"Beijing Dao Pei Hospital"	Beijing Dao Pei Hospital Company# (北京市道培醫院), a hospital established in Beijing, the PRC, which, together with its Associates, to the best of Directors' knowledge, information and belief and having made all reasonable enquiries, is an Independent Third Party
"Beijing FZS"	Beijing Fan Zi Sheng Chuang Ye Investment Consultancy Company Limited# (北京泛資生創業投資諮詢有限公司), a limited liability company established in Beijing, the PRC, being the holding company of Shanghai Dao Pei Technology and Shanghai Dao Pei Hospital which, together with its Associates, to the best of Directors' knowledge, information and belief and having made all reasonable enquiries, is an Independent Third Party
"Board"	the board of Directors
"Business Day(s)"	any day on which the Stock Exchange is open for the business in dealing securities
"China Bright"	China Bright Group Co. Limited, a company incorporated in Hong Kong and a wholly-owned subsidiary of the Company
"Company"	Golden Meditech Company Limited, an exempted company incorporated in Cayman Islands and whose shares listed on the Growth Enterprise Market of the Stock Exchange (stock code: 8180)
"Completion"	completion of the Acquisitions under the Agreement

"Dao Pei"	Dao Pei# (道培), the trade name or part of the trade name in running hospital services business in the PRC
"Director(s)"	the director(s) of the Company
"Duan Xuan" or "Dr. Duan"	Duan Xuan# (段萱) who is a director of Topshine (China) and currently holds (i) 10% equity interest in Shanghai Dao Pei Technology; and (ii) 30% contributed amount in Beijing Dao Pei Hospital, to the best of Directors' knowledge, information and belief and having made all reasonable enquiries, is an Independent Third Party
"GDP"	Gross domestic product
"GEM Listing Rules"	The Rules Governing the Listing of Securities on the Growth Enterprise Market of the Stock Exchange
"GM Hospital"	GM Hospital Management Company Limited, a company incorporated in Hong Kong and a wholly-owned subsidiary of the Company
"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
"Hospital" or "Hospitals"	Beijing Dao Pei Hospital and/or Shanghai Dao Pei Hospital
"HK Target Group"	Topshine and Topshine (China)
"Independent Third Party"	a party and, if applicable, the ultimate beneficial owner of the party who is not fallen into the definition of connected persons to the Company under Chapter 20 of the GEM Listing Rules
Latest Practicable Date	3 July 2008, being the latest practicable date prior to the printing of this circular for ascertaining certain information referred to in this circular
"Lu Dao Pei" or "Prof. Lu"	Lu Dao Pei# (陸道培) who is a director of Topshine (China) and currently holds (i) 20% equity interest in Shanghai Dao Pei Technology; and (ii) 40% contributed amount of Beijing Dao Pei Hospital, to the best of Directors' knowledge, information and belief and having made all reasonable enquiries, is an Independent Third Party

"Montego Bay" or "Vendor"	Montego Bay Chinsee's Investments Company Limited, a company incorporated in the British Virgin Islands, the sole beneficial shareholder of Topshine, which, together with its Associates, to the best of Directors' knowledge, information and belief and having made all reasonable enquiries, is an Independent Third Party
"Mr. Chen"	Chen Zhong Min who is the sole director and shareholder of Montego Bay, and to the best of Directors' knowledge, information and belief and having made all reasonable enquiries, is an Independent Third Party
"PRC"	the People's Republic of China, excluding for the purpose of this circular, Hong Kong, the Macau Special Administrative Region and Taiwan
"PRC Target Group"	the PRC Target Group comprises: 1. Shanghai Dao Pei Technology, which, in turn, holds 100% direct equity interests in Shanghai Dao Pei Hospital; and 2. Beijing Dao Pei Hospital.
"PRC Target Group Reorganisation"	the reorganisation of the PRC Target Group, including but not limited to (i) the completion of acquisition of 70% contributed amount of Beijing Dao Pei Hospital by Beijing FZS and (ii) the completion of the conversion of Shanghai Dao Pei Hospital into a non-profit making entity
"Purchasers"	GM Hospital in respect of the acquisition of the Sale Shares and the Shareholder's Loan; and China Bright in respect of the acquisition of Beijing FZS's entire interest in Beijing Dao Pei Hospital and Shanghai Dao Pei Technology
"RMB"	Renminbi, the lawful currency of the PRC
"Shanghai Dao Pei Hospital"	Shanghai Dao Pei Hospital Company limited# (上海道培醫院有限公司), a privately-run hospital, of which 100% direct equity interests are owned by Shanghai Dao Pei Technology which, together with its Associates, to the best of Directors' knowledge, information and belief and having made all reasonable enquiries, is an Independent Party

"Shanghai Dao Pei Technology"	Shanghai Dao Pei Medicine Technology Company Limited# (上海道培醫藥科技有限公司), a limited liability company established in Shanghai, the PRC which, together with its Associates, to the best of Directors' knowledge, information and belief and having made all reasonable enquiries, is an Independent Third Party
"Sale Shares"	600 shares, being 60% of the entire issued share capital of Topshine as at the Latest Practicable Date which is legally and beneficiary owned by Montego Bay
"Shareholders"	the shareholders of the Company
"Shareholder's Loan"	a sum of HK$50,000,000 which is legally and beneficiary owned by Montego Bay, being all the loans owed by Topshine to Montego Bay as at the Latest Practicable Date
"Stock Exchange"	The Stock Exchange of Hong Kong Limited
"Target Group"	including the HK Target Group and the PRC Target Group
"Topshine"	Topshine Investment Limited, a company incorporated in Hong Kong, which, together with its Associates, to the best of Directors' knowledge, information and belief and having made all reasonable enquiries, is an Independent Third Party
"Topshine (China)"	Topshine Hospital Management (China) Company Limited# (建亮醫院管理(中國)有限公司), a limited liability company established in Beijing, the PRC, which, together with its Associates, to the best of Directors' knowledge, information and belief and having made all reasonable enquiries, is an Independent Third Party
"Total Consideration"	the total consideration of the Acquisitions payable by the Purchasers pursuant to the Agreement
"USD"	United States Dollar, the lawful currency of United States of America
"%"	per cent.

\# *The English transliteration of the Chinese names in this circular, where indicated, is included for information only, and should not be regarded as the official English names of such Chinese names.*

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)

Executive Directors:
Mr. Kam Yuen *(Chairman)*
Ms. Jin Lu
Mr. Lu Tian Long
Ms. Zheng Ting

Independent non-executive Directors:
Prof. Cao Gang
Mr. Gao Zong Ze
Prof. Gu Qiao

Registered office:
Appleby Corporate Services
(Cayman) Limited
P.O. Box 1350 GT
Clifton House
75 Fort Street, George Town
Grand Cayman, Cayman Islands
British West Indies

7 July 2008

DISCLOSEABLE TRANSACTION

PROPOSED ACQUISTION OF INTERESTS IN COMPANIES ENGAGED IN HOSPITAL MANAGEMENT AND CONSULTANCY SERVICES IN THE PRC

To the Shareholders

Dear Sir or Madam,

INTRODUCTION

On 24 June 2008, the Company's wholly owned subsidiaries, GM Hospital and China Bright, have entered into the Agreement with the Vendor, pursuant to which (1) GM Hospital agreed to acquire the Sale Shares and the Shareholder's Loan from the Vendor, and (2) the Vendor agreed to procure Beijing FZS (which, as represented by the Vendor, is beneficially controlled by the Vendor) to sell, upon completion of the PRC Target Group Reorganisation, its 70% contributed amount in Beijing Dao Pei Hospital and 70% equity interest in Shanghai Dao Pei Technology to China Bright, for the Total Consideration.

Upon completion of the Acquisitions, the Group will be the first foreign enterprise (as represented by the Vendor) licensed to provide nationwide hospital management and consultancy services in the PRC, together with interest in one of the most renowned China's haematologist hospitals group in the PRC.

The purpose of this circular is to provide you with information in relation to, among others, the Acquisitions.

THE AGREEMENT

Set out below is a summary of the principal terms of the Agreement.

Date

24 June 2008

Parties

Purchasers:	GM Hospital, a wholly-owned subsidiary of the Company; and
	China Bright, a wholly-owned subsidiary of the Company
Vendor:	Montego Bay, who currently holds 100% beneficial interests in Topshine

The sole director and shareholder of Montego Bay is Mr. Chen. Through the introduction by Prof Lu, the technical consultant to the Group, the Group preliminary discussed with Mr. Chen in late February 2008 on the possibility of this transaction. Save for Prof. Lu, who is a technical consultant to the Group and to the best of the Directors' knowledge, information and belief and having made all reasonable enquiries, the Vendor and its director and shareholder, Beijing FZS and its directors and shareholders, Prof. Lu, Duan Xuan and Wan Cheng, being capital contributors of Beijing Dao Pei Hospital 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) having 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 contractual relationship arising from entering into the Agreement, and the commercial relationship as disclosed in this circular.

Interests to be acquired

(i) GM Hospital agreed to acquire and the Vendor agreed to sell the Sale Shares, being 600 shares of HK$1.00 each in the share capital of Topshine, representing 60% of its entire issued share capital as at the Latest Practicable Date and the Shareholder's Loan; and

(ii) China Bright agreed to acquire and the Vendor agreed, at the Vendor's own cost and expenses, to procure Beijing FZS (which, as represented by the Vendor, is beneficially controlled by the Vendor) to sell its 70% contributed amount in Beijing Dao Pei Hospital and 70% equity interest in Shanghai Dao Pei Technology upon completion of the PRC Target Group Reorganisation.

It is the current intention of the Company that upon completion of the PRC Target Group Reorganisation, the business nature of the sole operating wholly-owned subsidiary of Shanghai Dao Pei Technology, Shanghai Dao Pei Hospital, will be converted into a non-profit making hospital for administrative and taxation purposes. Details of the risk of the investments in the Hospitals has been set out under the sub-section headed "2. Hospital Interest Division" under the section headed "INFORMATION OF THE TARGET GROUP" and the section headed "RISK FACTORS" below.

Consideration

The Total Consideration of the Acquisitions are HK$830,000,000, of which HK$50,000,000 will be payable for the Shareholder's Loan and HK$780,000,000 will be payable for the Sale Shares and Beijing FZS's 70% contributed amount in Beijing Dao Pei Hospital and 70% equity interest in Shanghai Dao Pei Technology (upon completion of the PRC Target Group Reorganisation). No additional fee, whatsoever, would be payable to the Vendor for its efforts in procuring Beijing FZS (which, as represented by the Vendor, is beneficially controlled by the Vendor) to sell its 70% contributed amount in Beijing Dao Pei Hospital and 70% equity interest in Shanghai Dao Pei Technology (upon completion of the PRC Target Group Reorganisation) to China Bright.

The Total Consideration will be settled in Hong Kong dollars (or equivalent amount in Renminbi at the request of the Vendor) and financed by the Group's internal resources.

The Total Consideration shall be payable in the following manner:

(i) as to 35% of the Total Consideration (i.e. HK$290,500,000) paid by the Purchasers as deposit upon signing of the Agreement;

(ii) as to 35% of the Total Consideration (i.e. HK$290,500,000) to be paid by the Purchasers within 60 days after the date of signing of the Agreement;

(iii) as to the remaining 30% of the Total Consideration, (i.e. HK$249,000,000) to be paid by the Purchasers within 30 days after the Completion.

The payments made under (i) and (ii) above are collectively referred to as ("the Payment"). The Payment together with interest of 1% per month to be accrued from the date of receipt of the Payment will be refunded to the Purchasers by the Vendor if the Acquisitions are terminated in accordance with the terms of the Agreement, in particular, for non satisfaction of certain conditions, which the Vendor is responsible for ensuring their fulfilment, set out under the heading "Conditions Precedent" below. Such refund shall be made within ten (10) business days of the termination.

Further announcement will be made by the Company in the event that the Agreement is terminated.

Basis of Total Consideration for the Acquisitions

The Total Consideration, including the payment terms, was based on arm's length negotiations between the Purchasers and the Vendor after having considered the following factors:

1. The Target Group is one of the leading privately-run hospitals group specialising in haematology, and leukaemia treatments in the PRC and Greater China Region. Their reputation as leading haematologist hospitals enables them to provide medical consultations and treatments to all patients under national medical insurance coverage list in PRC, in addition to those patients paying for their own medical expenditures.

2. The Target Group employs a team of reputable and highly experienced medical professionals, who have demonstrated their excellent capabilities in providing all round hospital consultation services. The Hospitals within the Target Group are named after Prof. Lu, a founding father of bone marrow transplant in the PRC, who will enter into an exclusive service contract with Topshine (China) to provide consultancy medical services to the Hospitals for a period of three (3) years after completion.

3. Topshine (China) is a nationwide hospital management services company in the PRC. The Vendor has represented to the Purchasers that Topshine (China) is the first wholly owned foreign entity issued a business licence with hospital management services as permitted in the PRC. The Target Group can use the current structure in place to provide similar hospital management and consultancy services to other hospitals in the PRC in the future.

4. At present, the healthcare spending in the PRC amounted to around 6% per national GDP as compared to over 15% per national GDP in the United States. Pursuant to China's medical reform, many hospitals now exploring the opportunities to bring in external resources to uphaul its infrastructure and operational efficiency. The Directors believe that the Acquisitions allow the Company to capitalise such tremendous market opportunity with the capability to engage in hospital management and related services for over 15,000 hospitals in the PRC.

5. With the growing affluence and ageing population, the Directors believe that people are growing more health-conscious and demanding better quality healthcare services, which will boost future spending on hospital services.

6. The Second Year Guaranteed Profit of HK$70,000,000 as set out under the heading "Guaranteed Profit" below implies a price-to-earnings ratio of 18.57 times which falls within the range of 12 to 43 times price-to-earnings ratio of a Hong Kong listed company and a US listed company engaging in hospitals operation in the PRC and which is also within the range from 7 to 19 times price-to-earnings ratios of a number of comparable listed companies in Singapore. Since only two (2) comparable listed companies with hospital operation in the PRC have been identified in Hong Kong and the US equities markets, comparable listed companies involving in hospital operation in Singapore are selected to give more samples in such analysis and act as auxiliary information for the Company to assess the fairness of the Total Consideration.

7. Potential synergies effect to be materialised from the Acquisitions with other business divisions of the Group, such as the medical devices distribution business and cord blood bank business. The Group has already built up a very successful medical devices manufacturing and distribution business, and such business is ranked one of the top in the PRC. In addition, the Group's growing cord blood bank business, providing exclusive umbilical cord blood banking services in both Beijing municipal city and Guangdong Province, is ranked as de facto leader of cord blood banking operations in China, and will benefit significantly by teaming up with the Hospitals, due to the highly recognised brand name of the Hospitals in stem cell transplants and treatments in China. The Group's cord blood bank segment works closely with haematopoietic hospitals like the Hospitals, as the collected blood stem cells units are usually used for transplant treatments on leukaemia patients, or auxillary treatments on cancer patients.

After thorough analysis on the future benefits generated from this new business, the Directors (including independent non-executive Directors) consider the Total Consideration and the relevant payment terms to be fair and reasonable and are in the interests of the Company and the Shareholder as a whole.

Guaranteed Profit

In the Agreement, the Vendor guaranteed and warranted to the Purchasers that:

1. the audited consolidated net profit after taxation of Topshine for the period of twelve (12) calendar months from the date of Completion (the "**First Financial Year**") shall not be less than HK$40,000,000 (the "**First Year Guaranteed Profit**"). In the event the First Year Guaranteed Profit is not achieved, the Vendor should pay the Purchasers a sum of HK$ X based on the following formula:

   HK$ X = (HK$40 million - actual profit for the First Financial Year) x 60% x 32.50

   32.50 being the price-to-earnings ratio derived by reference to the value of Total Consideration less the Shareholder's Loan over the First Year Guaranteed Profit.

2. the audited consolidated net profit after taxation of Topshine for the period of twelve (12) calendar months from the First Financial Year (the "**Second Financial Year**") shall not be less than HK$70,000,000 (the "**Second Year Guaranteed Profit**").

In the event the Second Year Guaranteed Profit is not achieved, the Vendor should pay the Purchasers a sum of HK$ X based on the following formula

HK$ X = (HK$70 million - actual profit for the Second Financial Year) x 60% x 18.57

18.57 being the price-to-earnings ratio derived by reference to the value of Total Consideration less the Shareholder's Loan over the Second Year Guaranteed Profit.

The maximum payout under the Guaranteed Profit in each First Financial Year and Second Financial Year is capped to half of the Total Consideration. The First Year Guaranteed Profit and the Second Year Guaranteed Profit shall be calculated in accordance with Hong Kong Financial Reporting Standards.

Pursuant to the Agreement, the audited reports for the First Financial Year and Second Financial Year shall be completed and presented to the Purchasers within three (3) months after the financial year-end date. If the audited consolidated net profit after tax for the relevant period falls short of the First Year Guaranteed Profit and/or the Second Year Guaranteed Profit (as the case may be), the Vendor will pay the Purchasers the compensation within 10 business days after the presenting of the audited reports.

Further announcement will be made by the Company in the event that the First Year Guaranteed Profit and the Second Year Guaranteed Profit cannot be fulfilled. There is no profit adjustment mechanism to the Total Consideration in case the actual audited consolidated net profit for the relevant period exceeds the First Year Guaranteed Profit and/or the Second Year Guaranteed Profit.

Conditions Precedent

Completion of the Acquisitions is subject to, among other things, the following conditions having been fulfilled or waived (as the case may be):

1. In respect of the sale and purchase of the Sale Shares and the Shareholder's Loan

   (a) the Purchasers being satisfied with the results of the due diligence review to be conducted on the assets, liabilities, financial, operations and affairs of the HK Target Group;

   (b) the obtaining by each of the Company, the Purchasers and the Vendor of all necessary consents, authorizations and approvals in connection with their entering into and performance of the terms of the Agreement which may be required under the GEM Listing Rules or any ordinance in Hong Kong and the PRC, from the Stock Exchange or any governmental or regulatory authorities in Hong Kong and the PRC required to be obtained in respect of the sale and purchase of the Sale Shares and the Shareholder's Loan as well as the matters contemplated thereunder having been obtained;

   (c) Topshine (China) or its affiliates will obtain the trade name of Dao Pei in running its hospital business in the PRC;

   (d) Prof. Lu who currently is a director of Topshine (China) will enter into a director service contract (in form and substance satisfactory to the Purchasers) with Topshine (China) for a term of 3 years for an annual emolument of RMB200,000 together with discretionary bonus. His duties under the service contract would be exclusive in nature and include, inter alia,

(i) providing professional medical advice to Topshine (China) and any other hospitals under its management;

(ii) providing consultation and guidance on hospital management; and

(iii) providing advice and support on doctors training process;

(e) the completion of the acquisition of 70% contributed amount in Beijing Dao Pei Hospital by China Bright; and

(f) the completion of the acquisition of 70% equity interest in Shanghai Dao Pei Technology by China Bright.

2. In respect of the acquisition of 70% contributed amount of Beijing Dao Pei Hospital

(a) the successful acquisition of 70% contributed amount in Beijing Dao Pei Hospital by Beijing FZS;

(b) the Vendor shall procure Beijing FZS to sell, after its completion of the acquisition of 70% contributed amount of Beijing Dao Pei Hospital, all its interest in Beijing Dao Pei Hospital to China Bright, namely Beijing FZS's 70% contributed amount in Beijing Dao Pei Hospital;

(c) the Purchasers being satisfied with the results of the due diligence review to be conducted on the assets, liabilities, financial, operations and affairs of Beijing Dao Pei Hospital;

(d) the obtaining by each of the Company, the Purchasers, the Vendor and Beijing FZS of all necessary consents, authorizations and approvals which may be required under the GEM Listing Rules or any ordinance in Hong Kong and the PRC, from the Stock Exchange or any governmental or regulatory authorities in Hong Kong and the PRC required to be obtained in respect of the sale and purchase of Beijing FZS's 70% contributed amount in Beijing Dao Pei Hospital as well as the matters contemplated thereunder having been obtained;

(e) the completion of the sale and purchase of the Sale Shares and the Shareholder's Loan by GM Hospital; and

(f) the completion of the acquisition of 70% equity interest in Shanghai Dao Pei Technology by China Bright.

3. In respect of the acquisition of 70% equity interest in Shanghai Dao Pei Technology

(a) the conversion of Shanghai Dao Pei Hospital into a non-profit making entity;

(b) the Vendor shall procure Beijing FZS to sell, after the conversion of Shanghai Dao Pei Hospital into a non-profit making entity, its entire interest in Shanghai Dao Pei Technology to China Bright, namely 70% equity interest in Shanghai Dao Pei Technology;

(c) the Purchasers being satisfied with the results of the due diligence review to be conducted on the assets, liabilities, financial, operations and affairs of Shanghai Dao Pei Technology and Shanghai Dao Pei Hospital;

(d) the obtaining by each of the Company, the Purchasers, the Vendor and Beijing FZS of all necessary consents, authorizations and approvals which may be required under the GEM Listing Rules or any ordinance in Hong Kong and the PRC, from the Stock Exchange or any governmental or regulatory authorities in Hong Kong and the PRC required to be obtained in respect of the sale and purchase of Beijing FZS's 70% equity interest in Shanghai Dao Pei Technology as well as the matters contemplated thereunder having been obtained;

(e) the completion of the sale and purchase of the Sale Shares and the Shareholder's Loan by GM Hospital; and

(f) the completion of the acquisition of 70% contributed amount Beijing Dao Pei Hospital by China Bright.

Since there is a possibility that the fulfilment of condition 3(a) will take considerable time, the Purchasers have the discretion to elect to waive condition 3(a) in relation of the acquisition of 70% equity interest in Shanghai Dao Pei Technology if such condition cannot be completed within 180 days from the date of the Agreement (or such later date as the Purchasers and the Vendor may agree in writing).

4. Other conditions

(a) Topshine (China), Beijing Dao Pei Hospital and Shanghai Dao Pei Hospital will enter into an exclusive and irrevocable consultancy contract(s) (in form and substance satisfactory to the Purchasers) for a fixed term of not less than 30 years for the management of the Hospitals. Such consultancy contract(s) shall cover, but not limited to, the following:

(i) providing technical advice hospital management and infrastructure and improvements thereto;

(ii) providing advice on human resources and doctors training and recruitment programme;

(iii) providing advice on hospital financial management and information system management;

(iv) providing technical sales and marketing support on hospitals;

(v) advising on procurement of equipment and drugs purchases; and

(vi) assisting hospitals under management on financing matters.

The consultancy fees in respect of these services are expected to be determined by making reference to the time the staff spent as well as overall revenue of hospitals under the professional advice of Topshine (China). The Purchasers intended to charge the consultancy fees on a quarterly basis to be settled within 30 days of the date of the invoice. As at the Latest Practicable Date, Topshine (China) has not yet finalised the terms of the consultancy contracts with the Hospitals.

The Purchasers' legal adviser as to the PRC laws confirms that the entering into the exclusive and irrevocable consultancy contract(s) comply with all applicable laws and regulations of the PRC.

(b) the obtaining of a PRC legal opinion (in form and substance satisfactory to the Purchasers) in relation to the validity and legality of the incorporation of Topshine (China), Shanghai Dao Pei Technology, Shanghai Dao Pei Hospital, Beijing Dao Pei Hospital and their operations as going concern entities and the transactions contemplated under the Agreement;

Based on a preliminary legal due diligence conducted by the Purchasers, each of the Topshine (China), Shanghai Dao Pei Technology, Shanghai Dao Pei Hospital and Beijing Dao Pei Hospital has been duly incorporated under the laws of the PRC and duly operate as going concern entities. The Purchasers' legal adviser as to the PRC laws further expresses that the transactions contemplated under the Agreement comply with all applicable laws and regulations of the PRC.

(c) the warranties given by the Vendor under the Agreement remain true and accurate in all respects.

Only condition 3(a) is waivable by the Purchasers under the Agreement. Currently, the Purchasers have no intention to waive such condition.

The Agreement further provides that if the conditions have not been fulfilled by the Vendor or waived by the Purchasers within 180 days from the date of the Agreement (or such later date as the Purchasers and the Vendor may agree in writing), the Agreement shall be terminated and neither party shall have any liability to the other except for antecedent breaches of the Agreement and the obligation to return the Payment to the Purchasers.

Completion

Completion of the Acquisitions shall take place within three Business Days after all the conditions precedent of the Agreement having been fulfilled or waived or such later date as may be agreed between the Vendor and the Purchasers.

Board representation of the HK Target Group and the PRC Target Group

Upon Completion, representatives will be appointed by the Company to each of the members of the Target Group.

INFORMATION OF THE GROUP

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 natural herbal medicines.

In addition to the existing business portfolio, the Group is also exploring investment opportunities in healthcare projects. The Group will use its in-depth understanding and knowledge of the healthcare market in the PRC to assess the investment opportunities and the Group will only invest in those projects which fulfills the following investment criteria:

1 High entry barriers. The industry is hard for competitors to enter into and is not crowded with fierce competition;

2 Sustainable returns. The invested project can project to generate both sustainable cash and profits contributions to the Group; and

3 Market leader. Potential target company must be the market leader in its own sector.

The Directors believe that the Group, through its sound track record of strategic investments and acquisitions of healthcare projects over the past few years, has demonstrated its excellent capacity and credentials in risk management and control, and integration of newly acquired businesses to ensure successful integration. The Group has in the past successfully invested in China Medical Technologies, Inc. which was successfully listed on NASDAQ Global Select market in United States. In addition, the Group's cord blood banking division, which the Group has incubated over the years, has increased its valuation, six folded since the Group has invested four years ago, and is now valued at USD 200,000,000.

The Directors believe that the uniqueness of the Target Group (as represented by the Vendor, Topshine (China) being the first wholly foreign owned company receiving nationwide operating license as well as interests in the renowned hematologist hospital group), the synergies effect generated from its integration with other businesses of the Group together with the current medical reform in the PRC has posed golden opportunities for the Group. The Directors believe that under the Group's management and existing hospital networks, the Group can lead the Target Group to become one of leading hospital groups in the PRC, and it is believed that the Shareholders can in the future benefit from the success of this investment.

INFORMATION OF THE VENDOR AND BEIJING FZS

Montego Bay, the Vendor, is a company incorporated in the British Virgin Islands and its principal business is investment holding. Montego Bay is currently the sole beneficial shareholder of the HK Target Group.

Beijing FZS (which, as represented by the Vendor, is beneficially controlled by the Vendor) is a limited liability company established in Beijing, the PRC and its principal businesses are investment holding, and providing investment consultancy services in the PRC.

The Purchaser were advised by the Vendor that Beijing FZS had reached an advance stage of negotiation to acquire Beijing Dao Pei Hospital and were close to entering into a definitive agreement to acquire the 70% contributed amount in Beijing Dao Pei Hospital. The Vendor further advises that such agreement has not yet been completed up to the Latest Practicable Date. Given the Target Group is set up by the Vendor to provide hospital management services in China and the transfer of Beijing Dao Pei Hospital to China Bright will be carried out by the Vendor, the Company neither has information to the consideration (if any) paid or to be paid by the Vendor on the Target Group nor information on such transfer arrangement.

INFORMATION OF THE TARGET GROUP

The Target Group comprises two major divisions, namely the Hospital Management Division and the Hospital Interest Division

1. Hospital Management Division

The Hospital Management Division includes Topshine and Topshine (China). Topshine is a company incorporated in Hong Kong with limited liability, which is 100% beneficially owned by the Vendor as at the Latest Practicable Date. Topshine, in turn, holds the 100% direct equity interests in Topshine (China), a company with limited liability established in Beijing, the PRC.

HK Target Group is engaged in hospital management services and hospital operation and management consultancy services, hospital information system establishment consultancy, hospital management technology training and services in the PRC and has secured a nationwide hospital management operating business license in China. HK Target Group not only can provide its expertise to its affiliates, but also can provide management services to other hospitals which would like to use its know-how. HK Target Group is made up of senior medical officers of Beijing Dao Pei Hospital and Shanghai Dao Pei Hospital. Those senior medical officers are highly experienced and respected in their own fields, and every one of them (including but not limited to Prof. Lu and Dr. Duan, the head of the Hospitals) has over ten years of work experience in his or her own departments.

The Vendor has represented to the Purchasers that Topshine (China) is the first wholly owned foreign entity issued a business licence by Beijing Business Administration Bureau with hospital management services as permitted in the PRC. This represented that this is the first time the PRC authorities allow overseas company to participate in nationwide hospital management. The uniqueness of this operating license has made it very attractive to overseas hospital management companies who wish to enter into China's healthcare market.

Please refer to the below headings of the Corporate Structure of the HK Target Group immediately before Completion , the Corporate Structure of the PRC Target Group immediately before Completion and the Corporate Structure of the Target Group immediately after Completion.

2. **Hospital Interest Division**

The Hospital Interest Division includes Beijing Dao Pei Hospital, Shanghai Dao Pei Technology and Shanghai Dao Pei Hospital.

Shanghai Dao Pei Technology is a company established in Shanghai, the PRC with limited liability. As at the Latest Practicable Date, Beijing FZS, Lu Dao Pei and Duan Xuan holds 70%, 20% and 10% equity interests in Shanghai Dao Pei Technology respectively.

Shanghai Dao Pei Hospital is a company established in Shanghai, the PRC with limited liability. As at the Latest Practicable Date, Shanghai Dao Pei Technology holds 100% direct equity interests in Shanghai Dao Pei Hospital which is the sole operating subsidiary of Shanghai Dao Pei Technology. It is the current intention of the Company that upon completion of the PRC Target Group Reorganisation, the business nature of Shanghai Dao Pei Hospital will be converted into a non-profit making hospital for administrative and taxation purposes. Regardless of the nature of each of the Hospitals, Topshine (China) will continue to provide management service to Hospitals and receive the management fee from the Hospitals, which will provide a steady stream of profits and cashflow to the Group. Once Shanghai Dao Pei Hospital is converted into a non-profit making entity, its shareholders will become capital contributors to the non-profit making entity. According to the legal advisor of the Group as to the PRC laws, the capital contributors of a non-profit making entity in the PRC will not be entitled to any rights, such as right for profits distribution, as that can be found in a limited liability company established in the PRC. The capital contributors are entitled to nominate council members in the supervising board of the non-profit making hospital, the highest authority of the entity; however, the number of council members to be nominated may not necessarily be in proportion to the capital contribution of the capital contributors.

Beijing Dao Pei Hospital is a privately-run non-profit making hospital established in Beijing, the PRC. Upon completion of the PRC Target Group Reorganisation, Beijing FZS will hold 70% of contributed amount in Beijing Dao Pei Hospital.

The Hospitals, being one of the few accredited medical institutions capable to conduct or carry out stem cells related transplant in the PRC, are the leading medical institutions in PRC specialising in hematology and leukaemia treatments with core focus in the areas of blood stem cell transplantation, immunotherapy and hematology. The Hospitals have in aggregate over 200 hospital beds and 36 laminar air-flow ward. It is widely considered to be one of the largest haematologist hospitals in Greater China Region.

The Hospitals are specialised in various homologous and bone marrow transplants, umbilical cord blood stem cells transplants etc. Since their establishments, the Hospitals have carried out over 600 transplants cases, with success rate over 90% and patients' survival rate close to 70%.

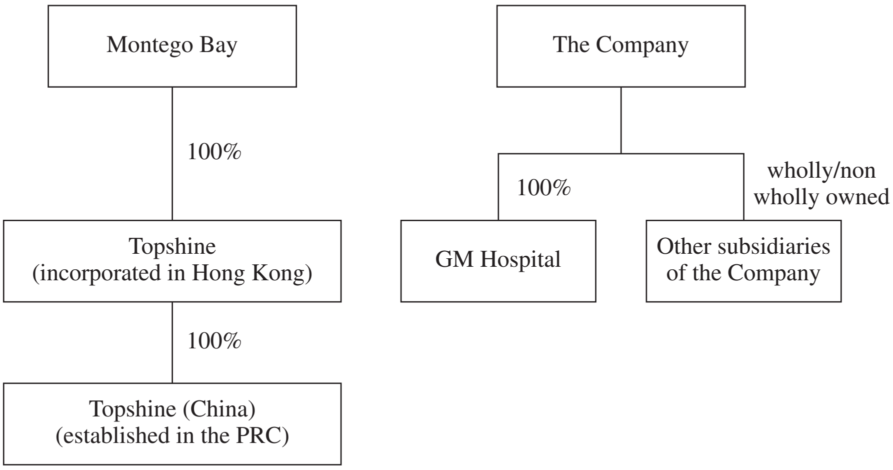
Because of the reputation of the Hospitals in Asia Pacific region, a number of politicians and businessmen had visited the Hospitals for medical consultations and treatments. As at the Latest Practicable Date, the Hospitals are enlisted in local hospital medical reimbursement scheme in the PRC. Those patients who are qualified under local medical insurance reimbursement scheme are able to visit the Hospitals, and have the treatment costs reimbursed by local insurance scheme. The Hospitals are among the few privately run hospitals being listed on local insurance scheme in PRC.

The Hospitals are founded by Prof. Lu who is one of the senior management of the Hospitals, the leading haematologist and the pioneer in stem cells and bone marrow transplants in the PRC. Prof. Lu holds various important academic positions in medical professional bodies such as Chinese Academy of Engineering, Chairman of Hematology, Peking University Health Science Centre and President of Chinese Society of Hematology CMA. Prof. Lu has made outstanding contributions in the field of hematopoietic stem cell transplantation including, among others, being the first pioneer in the world to cure agamma globulinemia through hematopoietic stem cell transplantation and has been honoured with many national prizes due to his contributions, including the State Scientific and Technological Progress Award (SSTPA) second-class award and He Liang He Li Foundation. Prof Lu is currently on the board of the Hospitals since their establishments, and will continue to provide his expertise in the Hospitals.

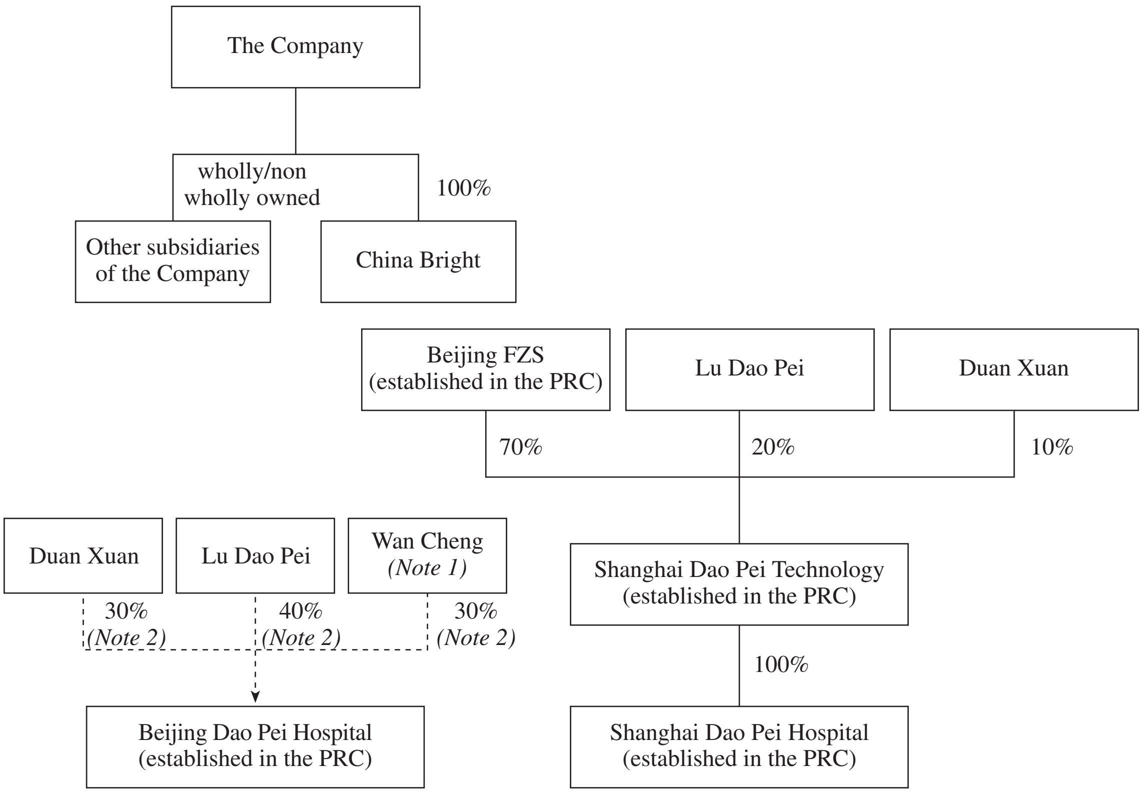
Because of his in-depth knowledge and reputation in stem cells transplants, the Group has recruited Prof. Lu as one of the consultants in the Group's cord blood bank division. Under the consultancy relationship, Prof. Lu will, from time to time, provide professional advice on blood stem cells collections and medical applications to the Group. Apart from this relationship, Prof. Lu does not hold any other position within the Group.

Please refer to the below headings of the Corporate Structure of the HK Target Group immediately before Completion, the Corporate Structure of the PRC Target Group immediately before Completion and the Corporate Structure of the Target Group immediately after Completion.

Corporate Structure of the HK Target Group immediately before Completion:



Corporate Structure of the PRC Target Group immediately before Completion:

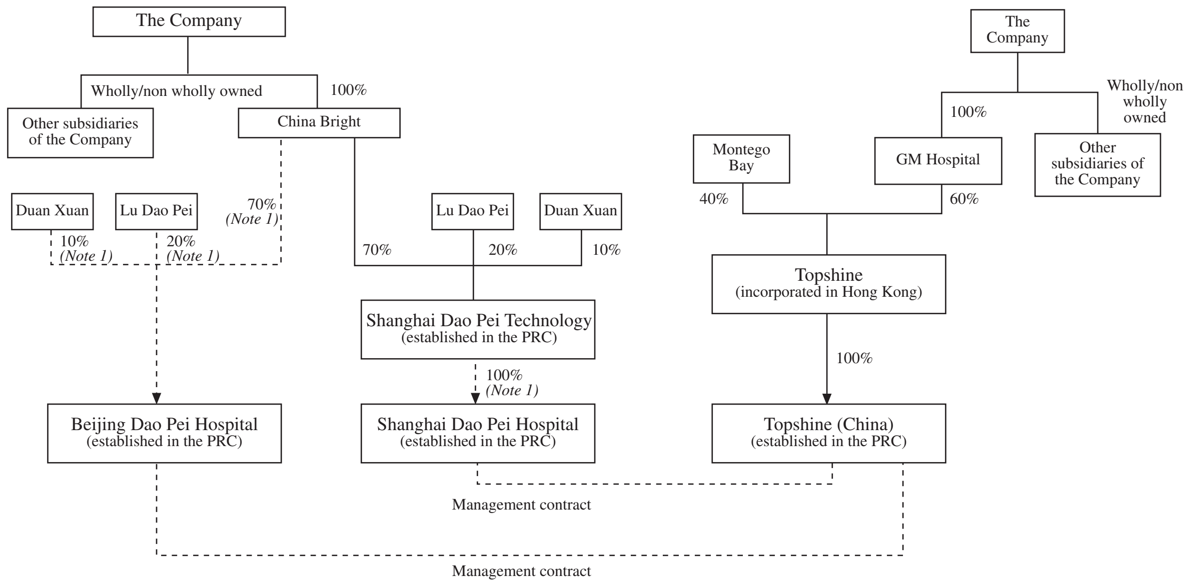


Notes:

1. To the best of Directors' knowledge, information and belief and having made all reasonable enquiries, Wan Cheng is an Independent Third Party.

2. Representing contributed amounts, not shareholding.

Corporate Structure of the Target Group immediately after Completion:



Note:

1. Representing contributed amount, not shareholding, and assuming completion of conversion of the business nature of the Shanghai Dao Pei Hospital into non-profiting.

To summarise, the Purchasers obtain the following intangible assets through the acquisition of the Target Group:

1. The one-off hospital management license granted solely to wholly owned foreign entity, namely Topshine (China);

2. The management team of highly reputable doctors and professors who have worked in the hospital management business for a number of years; and

3. The management contracts with one of the most renowned hospital groups specialized in blood treatments in China.

In respect of Shanghai Dao Pei Hospital, it is effectively 70% owned by the Vendor. No additional consideration will be payable by the Company for the transfer of the interest in Shanghai Dao Pei Hospital. In addition, the Company need not make further capital contribution in the Hospitals.

FINANCIAL EFFECTS OF THE ACQUISITIONS

The unaudited consolidated financial statement of the Target Group (excluding Beijing Dao Pei Hospital), which was prepared in accordance with the generally accepted accounting principles in the PRC, is set out below:

(i) as at 31 December 2007, the unaudited net assets value of the Target Group (excluding Beijing Dao Pei Hospital) was approximately HK$19.8 million;

(ii) for the two financial years ended 31 December 2006 and 2007, the unaudited net profit before tax of the Target Group (excluding Beijing Dao Pei Hospital) amounted to approximately HK$15.7 million and approximately HK$20.8 million respectively; and

(iii) for the two financial years ended 31 March 2006 and 2007, the unaudited net profit after tax of the Target Group (excluding Beijing Dao Pei Hospital) amounted to approximately HK$10.5 million and approximately HK$13.5 million respectively.

In respect of Beijing Dao Pei Hospital, the Purchasers as a capital contributor upon completion will not share any financial benefits from the interests in Beijing Dao Pei Hospital and, for the same reason, do not have the due capacity to access to its financial records at this moment.

Upon Completion, Topshine will become a 60% owned subsidiary of the Group and the results of Topshine will be consolidated into the financial statements of the Company. As a result, both the assets and liabilities of the Group will be increased upon Completion.

According to the Purchasers' PRC legal counsels, since the Beijing Dao Pei Hospital is a non-profit making entity and Shanghai Dao Pei Hospital will be converted into a non-profit making entity, the Group will not be entitled to any rights similar to that of a shareholder of a limited liability company such as, inter alia, entitlement on profits, cashflow or residue assets upon liquidation. Further, as Beijing Dao Pei Hospital is a non-profit making entity in the PRC, the acquisition of 70% of contributed amount of Beijing Dao Pei Hospital upon completion of the PRC Target Group Reorganisation would provide the Purchasers with the nomination right to nominate certain council members in the supervising board, the highest authority of Beijing Dao Pei Hospital. The supervising board has the power to appoint or remove council members by majority voting and it can exercise such power independently from the capital contributor. The Purchasers' legal adviser also expresses that the number of nominees, which the capital contributors are entitled to propose, may not be in proportion to their respective contributed amounts. Upon Completion, the Purchasers intend to nominate one (1) out of five (5) council members in the supervising board of Beijing Dao Pei Hospital and Shanghai Dao Pei Hospital respectively. Such number of council members that the Purchasers are entitled to nominate will only be a minority in the respective supervising boards. Pursuant to the advice of the PRC legal counsel, the contributed amounts of the Hospitals are not refundable.

Upon Shanghai Dao Pei Hospital converted into non-profit making entity on Completion, the invested amounts in Shanghai Dao Pei Hospital will be treated as contributed amounts and will not be refundable, and bring any financial benefits and rights to the Company. The Total Consideration covers the consultancy contracts, the essential licenses, the management expertise and the contributed amounts.

Although Topshine (China) will involve in the daily operations of the Hospitals as contemplated under the consultancy contracts upon Completion, the consultancy contracts do not grant Topshine (China) the power to govern the financial and operation policies of the Hospitals. The power to govern the financial and operating policies of the Hospitals still resides with the respective supervising boards of the Hospitals, which have the power to terminate any contracts, including theoretically the consultancy contracts to be entered into with Topshine (China). However, it is one of the Conditions Precedent to the Acquisitions that if an exclusive and irrevocable consultancy contract(s) could not be entered into between Topshine (China) and the Hospitals, the Acquisitions will not be proceeded.

As a result, the results of the Hospitals will not be consolidated into the financial statements of the Company in accordance with Hong Kong Accounting Standard 27 "Consolidation and Separate Financial Statement.

REASONS FOR THE ACQUISITIONS

The hospital industry in the PRC is highly regulated and dominated by the stated-owned hospitals. It poses enormous difficulties for overseas hospital groups to enter into hospital services market, not to mention hospital management market. It is represented that the Target Group, through Topshine (China), is the first foreign owned entity granted the nationwide hospital management consultancy services in the PRC and, accordingly, it will enable the Group to provide hospital management service nationwide.

Pursuant to China's medical reform, many hospitals now exploring the opportunities to bring in external resources to uphaul its infrastructure and operational efficiency. The Directors believe that the Acquisitions allow the Company to capitalise such tremendous market opportunity and with the capability to engage in hospital management for over 15,000 hospitals in the PRC.

In addition, the Directors are of the view that the hospital market will continue to grow rapidly since, with growing economy and education standards, rising health awareness and affordability and the overall healthcare spending per national GDP is merely around 6% as compared to 15% in the USA, which shows great growth potential in the future.

Besides, the Target Group is among the few reputable privately run hospitals with such renowned brands name and reputation in hematology area, and blood treatment areas. The Target Group will become the investment vehicle for the Group's planned expansion into hospital management business, which is in line with the Group's expansion strategies into promising healthcare sectors. With the assistance of Prof. Lu, and the Group's existing hospital and distribution networks, the Group can collaborate with other hospitals to develop the Target Group into one of the leading hospital groups in the PRC, providing all round services to general public.

Furthermore, the Acquisitions together with its potential network expansion in the future will complement the Group's existing medical devices distribution business and cord blood bank business. For instance, cord blood stem cells are usually used as a building block for blood disorder treatments.

The Group's existing operations can benefit financially on the link-up with the Hospitals by providing procurement services to the Hospitals, in addition to enhancing the usage and value of the Group's cord blood bank division. The Group's shareholders can benefit substantially on the Acquisitions, as they would strengthen the Group's existing operations.

Besides, it is always the intention of the Group to actively pursue excellent business opportunities in healthcare projects to enhance its market positions as well as shareholders returns. The Group's successes in the past have demonstrated the Group's full capabilities in identifying and integrating such projects. The Directors believe that the emerging hospital management industry which is currently under-represented possesses enormous business opportunities and soon it will become another high growth area.

Based on the above reasons and having considered the Guaranteed Profit provided by the Vendor, the Directors (including the independent non-executive Directors) consider that the Acquisitions 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 Agreement 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.

RISK FACTORS

1. Termination of consultancy contracts

Upon Completion, Topshine (China) will have entered into the consultancy contracts, which are exclusive and irrevocable in nature, with the Hospitals. The consultancy contracts represent the key income stream and a very crucial factor for the success of the Group's investment in the Acquisitions. If for any unforeseen reasons including, among others, (i) change of government policies, regulations etc. which force early terminations or make the consultancy contracts unenforceable; (ii) unpredictable environmental events which disrupt the operations of Hospitals as well as Topshine (China), and the conditions are beyond the control of either parties for example, earthquake, hurricane etc. (iii) unpredictable events which are beyond the control of the Vendor and the Purchasers such as wars etc., the consultancy contracts are terminated or unenforceable, the financial position of the Group will be seriously affected and the cost of investment will not be recoverable.

2. Experience to manage hospital

The Group would like to highlight that although the Group has no prior experience in managing hospitals, the Group would acquire the management team of the hospital management company as part of the overall acquisition. In addition, the Group would further engage hospitals management talents to strengthen the existing management team. This is similar to previous acquisitions the Group had entered into and the Group had made a successful integration on the businesses of those previous acquisitions. The Group believes that with its in-depth understanding and knowledge in medical fields in the PRC, it has relevant experience to grow this business into another successful operation.

However, the Group admits that if it is unable to retain the existing management team or recruit a due number of appropriate hospitals management talents to support the on-going operation of the Target Group, the financial position of the Group will be seriously affected.

3. The contributed amounts of the Hospitals

The contributed amounts of the two Hospitals are not refundable and will not bring any financial effects and rights to the Company. As such, the Company will not be entitled to any rights similar to that of a shareholder of a limited liability company such as, inter alia, entitlement on profits, cashflow or residue assets upon liquidation.

IMPLICATION UNDER THE GEM LISTING RULES

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

To the best of the Directors' knowledge, information and belief and 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 Acquisitions as at the Latest Practicable Date.

Your attention is drawn to the additional information set out in the appendix to this circular.

Yours faithfully,
For and on behalf of the Board of
Golden Meditech Company Limited
Kam Yuen
Chairman

1. RESPONSIBILITY STATEMENT

This circular, 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 circular 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 circular misleading; and

(iii) all opinions expressed in this circular have been arrived at after due and careful consideration and are founded on bases and assumptions that are fair and reasonable.

2. DISCLOSURE OF INTERESTS

(i) Directors' and Chief Executives' interests and short positions in the shares and underlying shares of the Company and its associated corporation

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

(a) *The Company*

		Long position/(Short position) Number of ordinary shares of HK$0.1 each			
Name of Directors	**Capacity and nature of interests**	**Corporate interests**	**Number of underlying shares held under equity derivatives**	**Total interests**	**Approximate percentage of the Company's issued share capital**
Mr. Kam Yuen	Interest of controlled corporation	433,916,000[(1)]	—	433,916,000	28.15%
		(61,832,000)[(2)]	—	(61,832,000)	(4.01%)
	Beneficial owner	—	63,206,245[(3)]	63,206,245	4.10%
Mr. Lu Tian Long	Beneficial owner	—	400,000[(3)]	400,000	0.03%
Ms. Zheng Ting	Beneficial owner	—	2,000,000[(3)]	2,000,000	0.13%

Notes:

(1) Mr. Kam Yuen is the sole beneficial shareholder of the issued share capital of Bio Garden Inc. ("Bio Garden"), a company incorporated in the British Virgin Islands ("BVI") which owned 433,916,000 shares of the Company as at the Latest Practicable Date.

(2) Mr. Kam Yuen was deemed under the SFO to have a short position in the shares of the Company by virtue of his interest in Bio Garden.

(3) These interests represent the Directors' beneficial interests in the underlying shares in respect of share options granted by the Company to the Directors as beneficial owners, details of which are set out in the section headed "Share Option Schemes" below.

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

		Number of ordinary shares of US$1 each		
Name of Directors	**Capacity and nature of interests**	**Number of underlying shares held under equity derivatives**	**Total interests**	**Approximate percentage of the issued share capital of CSC**
Mr. Kam Yuen	Beneficial owner	10,000[(1)]	10,000	0.62%
Ms. Zheng Ting	Beneficial owner	30,000[(1)]	30,000	1.85%

Note:

(1) These interests represent the Directors' beneficial interests in the underlying shares in respect of share options granted by CSC to the Directors as beneficial owners, details of which are set out in the section headed "Share Option Schemes" below.

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

(ii) **Share Option Schemes**

(a) *Share option schemes of the Company*

1. Principal terms of the share option schemes of the Company are set out in note 36(a) to the financial statements as included in the annual report of the Company for the year ended 31 March 2008.

2. As at the Latest Practicable Date, options to subscribe for 77,476,245 shares of the Company under the share option schemes of the Company were outstanding, the details of which are as follows:

Name of Directors and employees	Date of grant	Number of underlying shares in respect of which share options were outstanding as at the Latest Practicable Date	Exercise price
			HK$
Mr. Kam Yuen	30 March 2005[1]	63,206,245	1.76
Mr. Lu Tian Long	4 March 2005[2]	400,000	1.60
Ms. Zheng Ting	4 March 2005[2]	2,000,000	1.60
Full-time employees (other than Directors)	4 March 2005[2]	11,870,000	1.60
		77,476,245	

Notes:

(1) The share options are exercisable as to:

(i) up to 20% immediately after 6 months from the date of grant;

(ii) up to 60% immediately after 18 months from the date of grant;

(iii) up to 100% immediately after 30 months from the date of grant; and

(iv) the share options will expire at the close of business on 3 March 2015.

(2) The share options are exercisable in full immediately after 3 months from the date of grant and will expire at the close of business on 28 February 2015.

(3) No share options granted under the share option schemes adopted by the Company on 30 July 2002 and 30 March 2005 respectively were exercised, cancelled or lapsed as at the Latest Practicable Date.

(b) *Share option scheme of CSC*

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

2. As at the Latest Practicable Date, options to subscribe for 100,000 shares of CSC under the CSC Scheme were outstanding, the details of which are as follows:

Name of Directors and employees	**Date of grant**	**Number of underlying shares in respect of which share options were outstanding as at the Latest Practicable Date**	**Exercise price**
			HK$
Mr. Kam Yuen	21 September 2006(1)	10,000	450
Ms. Zheng Ting	21 September 2006(1)	30,000	450
Full-time employees (other than Directors)	21 September 2006(1)	60,000	450
		100,000	

Notes:

(1) The share options are exercisable as to:

(i) up to 30% immediately after the Effective Date;

(ii) up to 60% immediately after 12 months from the Effective Date;

(iii) up to 100% immediately after 18 months from the Effective Date; and

(iv) the share options will expire at the close of business on 27 August 2016.

(2) No share options granted under the CSC scheme were exercised, cancelled or lapsed as at the Latest Practicable Date.

(iii) **Directors' Right to Acquire Shares or Debentures**

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

3. SUBSTANTIAL SHAREHOLDERS

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

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

Name	Capacity and nature of interests	Number of issued shares	Approximate percentage of the Company's issued share capital[3]
Bio Garden[1]	Beneficial owner	433,916,000 (61,832,000)	28.15% (4.01%)
Mr. Kent C. McCarthy [2]	Interest of controlled corporation	308,986,419	20.05%
Jayhawk China Fund (Cayman), Ltd. [2]	Investment manager	172,853,735	11.22%

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

Name of other persons who have more than 5% interests	Capacity and nature of interest	Number of issued shares	Approximate percentage of the Company's issued share capital[(3)]
Martin Currie (Holdings) Limited	Interest of controlled corporation	114,848,000	7.45%

Notes:

(1) Bio Garden is an investment holding company incorporated in the BVI. Mr. Kam Yuen was the sole beneficial shareholder of the entire issued share capital of Bio Garden as at the Latest Practicable Date.

(2) The interests disclosed by Mr. Kent C. McCarthy include 172,853,735 shares of the Company held by Jayhawk China Fund (Cayman), Ltd.

(3) The percentage of interests is based on the aggregate nominal value of the shares comprising the interests held as a percentage of the aggregate nominal value of all the issued share capital of the Company immediately after the relevant event and as recorded in the register maintained under section 336 of the SFO.

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

4. DIRECTORS' SERVICE CONTRACTS

On 1 April 2005, each of the executive Directors entered into a service contract with the Company which will continue until terminated by either party giving to the other not less than 90 days' notice in writing.

Each of Mr. Gao Zong Ze and Prof. Gu Qiao has entered into a service contract with the Company for a term of one year commencing on 28 December 2004 and will continue thereafter until terminated by either party giving to the other not less than 30 days' notice in writing.

Prof. Cao Gang has entered into a service contract with the Company for a term of one year commencing on 23 September 2004 and will continue thereafter until terminated by either party giving to the other not less than 30 days' notice in writing.

Save as disclosed, none of the Directors has entered or has proposed to enter into any service agreements with the Company or any members of the Group other than contracts expiring or determinable by the employer within one year without payment of compensation (other than statutory compensation).

5. LITIGATION

As at the Latest Practicable Date, neither the Company nor any of its subsidiaries was engaged in any litigation or arbitration of material importance and there was no litigation or claims of material importance known to the Directors to be pending or threatened by or against either the Company or any of its subsidiaries.

6. COMPETING INTERESTS

As at the Latest Practicable Date, none of the Directors, management, shareholders or their respective associates had any interest in any business, which competes or is likely to compete, either directly or indirectly, with that of the Group.

7. MISCELLANEOUS

(i) The head office and principal place of business of the Company in the PRC is at Room 11, 7/F, Tower E1, Beijing Oriental Plaza, No. 1 East Chang An Ave., Dong Cheng District, Beijing, 100738 China. The principal place of business of the Company in Hong Kong is at 48th Floor, Bank of China Tower, 1 Garden Road, Central, Hong Kong. The registered office of the Company is at Appleby Corporate Services (Cayman) Limited, P.O. Box 1350 GT, Clifton House, 75 Fort Street, George Town, Grand Cayman, Cayman Islands, British West Indies. The Hong Kong branch share registrar and transfer office of the Company is Computershare Hong Kong Investor Services Limited, at 46th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong.

(ii) The compliance officer of the Company is Mr. Kam Yuen. He is the Chairman and Chief Executive Officer and Compliance Officer of the Company, and the founder of the Group. Mr. Kam graduated from the Beijing Second Foreign Languages Institute, the PRC (北京第二外國語學院), in 1985 and has over 20 years of management experience in international business.

(iii) The company secretary and the qualified accountant of the Company is Mr. Kong Kam Yu. He is a member of the HKICPA and ICAEW.

(iv) The Company established an audit committee with written terms of reference which deal with its authority and duties on 15 December 2001. The committee's primary duties are to review the Company's annual report, interim report and quarterly reports, the Group's financial control, internal control and risk management systems and to provide advice and comments thereon to the Board of Directors. The committee comprises three independent non-executive Directors, namely, Prof. Cao Gang (chairman of the audit committee), Mr. Gao Zong Ze and Prof. Gu Qiao.

Prof. Cao Gang, aged 63, is a professor of Accountancy. He qualified as one of the first group of registered accountants in the PRC in 1983 and is currently the Vice-president of the Beijing Society of Accountants. The residential address of Prof. Cao is A2-140, 11 Fucheng Road, Beijing, China.

Mr. Gao Zong Ze, aged 68, is a qualified lawyer in the PRC, the Vice Chairman of China Maritime Law Association (中國海商法協會) and is also a committee member and arbitrator of China International Economic and Trade Arbitration Commission (中國國際經濟貿易仲裁委員會). Mr. Gao graduated from the Graduate School of China Academy of Social Sciences, the PRC, in 1981. The business address of Mr. Gao is 31st Floor, Tower A, Jianwai SOHO, 39 Dongsanhuan Zhonglu, Chaoyang District, Beijing, China.

Prof. Gu Qiao, aged 61, is a scientist in quantum-optics, biophysics and biological photonics and an Associate Professor of the Northwest University, the PRC. He is also a member of the International Institute of Biophysics, Germany. Prof. Gu received his doctoral degree from the Northwest University, the PRC, in 1989. The residential address of Prof. Gu is Laemmchesbergstr 23, 677663, Kaiserslauterm, Germany.

(v) In case of inconsistency, the English text of this circular shall prevail over its Chinese text.