



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)

FIRST QUARTERLY RESULTS ANNOUNCEMENT FOR THE THREE MONTHS ENDED 30 JUNE 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.

The Stock Exchange takes no responsibility for the contents of this announcement, makes no representation as to its accuracy or completeness and expressly disclaims any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.

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

CORPORATE PROFILE

Golden Meditech Company Limited (the “Company” or “Golden Meditech”; stock code: 8180.HK), together with its subsidiaries (collectively referred to as the “Group”), is a leading healthcare corporation in China. Golden Meditech operates integrated healthcare businesses including medical devices, healthcare services and natural herbal medicines. The Group’s mission is to contribute to people’s health and welfare through the development and application of advanced medical technology, and devote to create value for its shareholders.

The Medical Device Segment is primarily engaged in the research and development, manufacture, sales of blood-related medical apparatuses and personal health monitoring devices. The segment’s major products include the Autologous Blood Recovery System, the first of its kind to obtain the approval of State Food and Drug Administration (“SFDA”) for manufacture in China, and the new products, the Plasma Exchange System and the Accelerated Thermostatic Infusion Pump. The segment has been engaged in the continuous development of pioneering technologies for blood recovery, purification, treatment and preservation and advanced medical equipment in collaboration with a number of research institutes.

The Healthcare Service Segment includes cord blood banking operation which provides examination, separation, processing, and storage services for blood stem cells extracted from the umbilical cord blood of newborn babies. The Company is the first and currently the largest private cord blood bank operator in China operating exclusively in Beijing and Guangdong Province. Aside from being used in treatments for blood diseases and immune system problems, the potentials offered by blood stem cells in other clinical applications are huge.

The Natural Herbal Medicine Segment is involved in the research and development, manufacture and sales of natural herbal medicines in China and Europe. It owns one of the largest retail chains of natural herbal healthcare products in England and Ireland.

The Strategic Investment Segment has a 37.8% equity interest in Union China National Medical Equipment Co., Ltd., the largest medical device distributor in China, and a 33.5% equity interest in Beijing Pypo Technology Group Company Limited, a nationwide distributor and retailer of consumer electronic products.

FIRST QUARTERLY RESULTS (UNAUDITED)

The board of Directors (the “Board”) of the Company is pleased to announce the unaudited consolidated results of the Group for the three months ended 30 June 2008 together with the comparative unaudited figures for the corresponding period in 2007 as follows:

CONSOLIDATED INCOME STATEMENT

		Unaudited	
		For the three months	
		ended June 30	
	<i>Note</i>	2008	2007
		HK\$'000	<i>HK\$'000</i>
CONTINUING OPERATIONS			
Turnover	2	104,630	88,693
Cost of sales		(32,558)	(26,192)
		<hr/>	<hr/>
Gross profit		72,072	62,501
Other revenue	4	13,544	8,696
Other net income	5	60,348	141,712
Selling expenses		(11,222)	(5,595)
Administrative expenses		(21,354)	(14,090)
		<hr/>	<hr/>
Profit from operations		113,388	193,224
Finance costs		(6,168)	(3,355)
Share of profits of associates		(2,472)	379
Share of profits of jointly- controlled entities		10,310	12,485
		<hr/>	<hr/>
Profit before taxation		115,058	202,733
Income tax	6	(12,416)	(4,914)
		<hr/>	<hr/>
Profit for the period from continuing operations		102,642	197,819
DISCONTINUED OPERATION			
Loss for the period from discontinued operation	7	—	(9,821)
		<hr/>	<hr/>
Profit for the period		102,642	187,998
		<hr/> <hr/>	<hr/> <hr/>

Unaudited
For the three months
ended June 30

	<i>Note</i>	2008 HK\$'000	2007 <i>HK\$'000</i>
Attributable to:			
Equity shareholders of the Company		98,604	183,203
Minority interests		4,038	4,795
		<hr/> 102,642 <hr/>	<hr/> 187,998 <hr/>
Earnings/(loss) per share	9		
Basic			
– from continuing and discontinued operations		6.39 cents	12.04 cents
– from continuing operations		6.39 cents	12.68 cents
– from discontinued operation		— cents	(0.64) cents
Diluted			
– from continuing and discontinued operations		6.27 cents	11.38 cents
– from continuing operations		6.27 cents	11.99 cents
– from discontinued operation		— cents	(0.61) cents

The notes on pages 5 to 16 form part of the first quarterly results.

NOTES TO THE FIRST QUARTERLY RESULTS

1. Basis of preparation

The unaudited consolidated results of the Group have been prepared in accordance with the Hong Kong Financial Reporting Standards (“HKFRSs”) which collective term includes all applicable individual Hong Kong Financial Reporting Standard, Hong Kong Accounting Standards (“HKASs”) and Interpretations issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”), accounting principles generally accepted in Hong Kong and the applicable disclosure requirements of the GEM Listing Rules.

All intra-group transactions and balances have been eliminated in preparing these results. The principal accounting policies used in the preparation of the unaudited consolidated results are consistent with those adopted in the preparation of the annual consolidated financial statements of the Group for the year ended 31 March 2008.

2. Turnover

The Group is principally engaged in the manufacture and sale of the autologous blood recovery machines (“ABRS Machines”), the disposable blood processing chambers and related accessories (“Disposable Chambers”), the provision of examination, processing, separation and storage services and application-related services for blood stem cells (“Cord Blood Bank”), and 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, value added tax and other sales tax, and income from services rendered to customers, less business tax.

2. Turnover (continued)

Turnover recognised during the period may be analysed as follows:

	Unaudited	
	For the three months	
	ended June 30	
	2008	2007
	HK\$'000	HK\$'000
CONTINUING OPERATIONS		
Sales of ABRS Machines	49,162	50,010
Sales of Disposable Chambers	18,602	13,587
Cord Blood Bank services	36,866	25,096
	<hr/>	<hr/>
	104,630	88,693
	<hr/> <hr/>	<hr/> <hr/>
DISCONTINUED OPERATION		
Sales of natural herbal medicines	—	1,318
	<hr/> <hr/>	<hr/> <hr/>

3. Segment information

(i) Primary reporting format – business segments

The Group comprises the following main business segments:

Medical Device Segment	–	the development, manufacture and sale of medical devices including ABRS Machines and Disposable Chambers;
Cord Blood Bank Segment	–	the provision of blood stem cells examination, processing, separation and storage and application-related services; and
Natural Herbal Medicine Segment	–	research and development, manufacture and sale of natural herbal medicines.

3. Segment information (continued)

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

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

	Unaudited For the three months ended June 30, 2008 HK\$'000			Consolidated
	Continuing Operations		Discontinued Operation	
	Medical Device Segment	Cord Blood Bank Segment	Natural Herbal Medicine Segment	
Turnover	67,764	36,866	—	104,630
Segment results	42,163	9,266	—	51,429
Unallocated income and expenses				61,959
Profit from operations				113,388
Finance costs				(6,168)
Share of profits of associates and jointly-controlled entities				7,838
Profit before taxation				115,058
Income tax				(12,416)
Profit for the period				102,642
Attributable to:				
Equity shareholders of the Company				98,604
Minority interests				4,038
				102,642

3. Segment information (continued)

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

	Unaudited			Consolidated
	For the three months ended			
	30 June 2007			
	HK\$'000			
	Continuing Operations	Discontinued Operation		
	Medical Device Segment	Cord Blood Bank Segment	Natural Herbal Medicine Segment	
Turnover	63,597	25,096	1,318	90,011
Segment results	45,234	11,383	(9,821)	46,796
Unallocated income and expenses				136,607
Profit from operations				183,403
Finance costs				(3,355)
Share of profits of an associate and jointly-controlled entities				12,864
Profit before taxation				192,912
Income tax				(4,914)
Profit for the period				187,998
Attributable to:				
Equity shareholders of the Company				183,203
Minority interests				4,795
				187,998

(ii) Secondary reporting format – geographical segments

In view of the fact that the Group operates mainly in the People's Republic of China (the "PRC"), no geographical segment information is presented.

4. Other revenue

	Unaudited	
	For the three months	
	ended 30 June	
	2008	2007
	HK\$'000	HK\$'000
CONTINUING OPERATIONS		
Interest income	9,213	4,602
VAT refunds (<i>Note</i>)	4,036	4,094
Dividend income	284	—
Sundry income	11	—
	<u>13,544</u>	<u>8,696</u>
DISCONTINUED OPERATION		
Interest income	—	6
	<u>—</u>	<u>6</u>

Note:

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% of sales of software products embedded in the ABRS Machines.

5. Other net income

	Unaudited	
	For the three months	
	ended 30 June	
	2008	2007
	HK\$'000	HK\$'000
CONTINUING OPERATIONS		
Available-for-sale equity securities:		
transfer from equity on disposal	81,405	123,268
Net realised and unrealised (loss)/gain on trading securities and derivatives	(18,505)	17,920
Net unrealised loss on financial assets at fair value through profit or loss	(3,847)	—
Exchange gain	1,102	501
Others	193	23
	<u>60,348</u>	<u>141,712</u>

6. Income tax

Income tax charged to the consolidated income statement represents:

	Unaudited For the three months ended 30 June	
	2008 HK\$'000	2007 HK\$'000
Current tax – Outside Hong Kong		
PRC income tax for the period	12,416	4,914
	<hr/>	<hr/>
	12,416	4,914
	<hr/> <hr/>	<hr/> <hr/>

(i) 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 became effective on 1 January 2008. Pursuant to the New Tax Law, the standard corporate income tax rate for enterprises in the PRC was reduced from 33% to 25% from 1 January 2008.

6. Income tax (continued)

(i) PRC income tax (continued)

Further, the State Council released the Implementation Rules to the Corporate Income Tax Law on 6 December 2007 and the 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 the 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.

Under the Implementation Rules, the 50% reduction of the 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 each of Jingjing and Jiachenhong has been accrued based on tax rates of 18% and 9% respectively for the three months ended 30 June 2008.

(ii) Hong Kong Profits Tax

No provision for Hong Kong Profits Tax was made for the three months ended 30 June 2008 (2007: Nil) as the Group did not have any profits assessable to Hong Kong Profits Tax during the period.

(iii) Cayman Islands Tax

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

7. Loss for the period from discontinued operation

On 19 December 2007, the Group entered into a sale and purchase agreement for the disposal of its entire equity interest in the Natural Herbal Medicine Segment to a third party company, China Healthcare Inc. (“CHI”), in exchange for a 40% equity interest in CHI. The transaction was completed on 31 December 2007. As a result of the transaction, the Group’s Natural Herbal Medicine Segment has been classified as discontinued operation. Following the completion of the transaction, such interest in CHI is recognised as interests in associates in the Group’s consolidated financial statements. The following is the result of Discontinued Operation:

		Unaudited	
		For the three months	
		ended 30 June	
	<i>Note</i>	2008	2007
		HK\$'000	<i>HK\$'000</i>
Turnover	2	—	1,318
Cost of sales		—	(7,896)
		—————	—————
Gross loss		—	(6,578)
Other revenue	4	—	6
Other net income		—	—
Selling expenses		—	(2)
Administrative expenses		—	(3,247)
		—————	—————
Loss for the period		—	(9,821)
		=====	=====
Attributable to:			
Equity shareholders of the Company		—	(9,821)
Minority interests		—	—
		—————	—————
		—	(9,821)
		=====	=====

8. Dividend

The Directors do not recommend the payment of an interim dividend for the three months ended 30 June 2008 (2007: Nil).

9. Earnings/(loss) per share

(i) 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 divided by the weighted average number of ordinary shares in issue during the period, calculated as follows:

	Unaudited For the three months ended 30 June	
	2008 HK\$'000	2007 HK\$'000
From continuing and discontinued operations		
Profit attributable to equity shareholders	<u>98,604</u>	<u>183,203</u>
From continuing operations		
Profit attributable to equity shareholders	<u>98,604</u>	<u>193,024</u>
From discontinued operation		
Loss attributable to equity shareholders	<u>—</u>	<u>(9,821)</u>
Weighted average number of ordinary shares		
	'000	'000
Issued ordinary shares at 1 April	1,543,522	1,522,224
Effect of shares repurchased and cancelled	<u>(50)</u>	<u>—</u>
Weighted average number of ordinary shares at 30 June	<u>1,543,472</u>	<u>1,522,224</u>
From continuing and discontinued operations		
Basic earnings per share (HK cents)	<u>6.39</u>	<u>12.04</u>
From continuing operations		
Basic earnings per share (HK cents)	<u>6.39</u>	<u>12.68</u>
From discontinued operation		
Basic loss per share (HK cents)	<u>—</u>	<u>(0.64)</u>

9. Earnings/(loss) per share (continued)

(ii) Diluted earnings/(loss) per share

The calculation of diluted earnings/(loss) per share is based on the consolidated profit attributable to equity shareholders of the Company (diluted) and the weighted average number of ordinary shares (diluted) in issue during the period after adjusting for the effect of all dilutive potential shares, calculated as follows:

Profit attributable to equity shareholders of the Company (diluted)

	Unaudited	
	For the three months	
	ended 30 June	
	2008	2007
	HK\$'000	HK\$'000
From continuing and discontinued operations		
Profit attributable to equity shareholders	98,604	183,203
After tax effect of effective interest on liability component of convertible bonds	—	791
Dilutive impact on profit from deemed issue of ordinary shares of a subsidiary under the share option scheme of a subsidiary for nil consideration	(124)	(574)
	<hr/>	<hr/>
Profit attributable to equity shareholders (diluted)	98,480	183,420
	<hr/> <hr/>	<hr/> <hr/>
Attributable to:		
Continuing operations	98,480	193,241
Discontinued operation	—	(9,821)
	<hr/>	<hr/>
	98,480	183,420
	<hr/> <hr/>	<hr/> <hr/>

9. Earnings/(loss) per share (continued)

(ii) Diluted earnings/(loss) per share (continued)

Weighted average number of ordinary shares (diluted)

	2008	2007
	'000	'000
Weighted average number of ordinary shares at 30 June	1,543,472	1,522,224
Effect of conversion of convertible bonds	—	52,632
Effect of deemed issue of ordinary shares under the Company's share option scheme for nil consideration	28,202	36,854
	<hr/>	<hr/>
Weighted average number of ordinary shares (diluted) at 30 June	1,571,674	1,611,710
	<hr/> <hr/>	<hr/> <hr/>
From continuing and discontinued operations		
Diluted earnings per share (HK cents)	6.27	11.38
	<hr/> <hr/>	<hr/> <hr/>
From continuing operations		
Diluted earnings per share (HK cents)	6.27	11.99
	<hr/> <hr/>	<hr/> <hr/>
From discontinued operation		
Diluted loss per share (HK cents)	—	(0.61)
	<hr/> <hr/>	<hr/> <hr/>

10. Reserves

Unaudited
Attributable to equity shareholders of the Company

	Capital		Merger reserve	Exchange reserve	Surplus reserve	Capital reserve	Fair value reserve	Other reserve	Retained profits	Total
	Share premium	redemption reserve								
	HK\$'000	HK\$'000								
As at 1 April 2008	1,018,875	4,908	54,193	207,126	78,828	13,388	157,906	(4,670)	1,547,992	3,078,546
Changes in fair value of available-for-sale equity securities	—	—	—	—	—	—	(49,130)	—	—	(49,130)
Transfer to profit or loss on disposal of available-for-sale equity securities	—	—	—	—	—	—	(81,405)	—	—	(81,405)
Exchange differences	—	—	—	36,690	—	—	—	—	—	36,690
Equity-settled share-based transactions	—	—	—	—	—	66	—	—	—	66
Shares repurchased and cancelled	(2,609)	104	—	—	—	—	—	—	(104)	(2,609)
Profit for the period	—	—	—	—	—	—	—	—	98,604	98,604
As at 30 June 2008	<u>1,016,266</u>	<u>5,012</u>	<u>54,193</u>	<u>243,816</u>	<u>78,828</u>	<u>13,454</u>	<u>27,371</u>	<u>(4,670)</u>	<u>1,646,492</u>	<u>3,080,762</u>
As at 1 April 2007	998,913	1,523	54,193	98,312	61,233	17,288	322,051	(173,998)	1,028,417	2,407,932
Changes in fair value of available-for-sale equity securities	—	—	—	—	—	—	82,341	—	—	82,341
Transfer to profit or loss on disposal of available-for-sale equity securities	—	—	—	—	—	—	(123,268)	—	—	(123,268)
Exchange differences	—	—	—	11,548	—	—	—	—	—	11,548
Equity-settled share-based transactions	—	—	—	—	—	1,033	—	—	—	1,033
Contribution from minority shareholders	—	—	—	—	—	—	—	47,795	—	47,795
Profit for the period	—	—	—	—	—	—	—	—	183,203	183,203
As at 30 June 2007	<u>998,913</u>	<u>1,523</u>	<u>54,193</u>	<u>109,860</u>	<u>61,233</u>	<u>18,321</u>	<u>281,124</u>	<u>(126,203)</u>	<u>1,211,620</u>	<u>2,610,584</u>

MANAGEMENT DISCUSSION & ANALYSIS

OVERALL BUSINESS REVIEW

Golden Meditech Company Limited (“Golden Meditech” or “the Group”) recorded total revenue of HK\$104,630,000 in the first quarter of the 2008/2009 financial year, up by 18% from the same period a year earlier. Leveraging the continued market leadership of all its business segments, the Group aims to maintain strong growth momentum through new product launches and the expanding business scope of its Healthcare Service Segment.

In the period under review, the Group donated HK\$1 million in cash and approximately HK\$2.5 million-worth of medical devices to the nationwide relief efforts to help the earthquake-stricken areas of Sichuan province. In addition, the Group mobilized a team of over 10 volunteers to provide on-site assistance and training to local medical staff in the operation of our ABRS (Autologous Blood Recovery System) machines to save lives. In the aftermath of the catastrophe, the Group is committed to rebuilding a “Project Hope” school operated in Sichuan to allow underprivileged children to return to classes as soon as possible.

Medical Device Segment

The Medical Device Segment, one of the Group’s core businesses, reported revenue of HK\$67,764,000 for the quarter, representing an increase of 7% over the same period last year, while operating profit before interest and tax (including expenses incurred on donations) fell by 7% to HK\$42,163,000. Since the Segment’s ABRS products are now relatively mature, sales have remained steady. However, sales of the disposable chambers used in the ABRS products have maintained a double-digit growth rate, which reflects the continuously widening adoption and use of our ABRS products in clinical operations.

In addition, the management is pleased to report the Group plans to launch two new SFDA-approved devices this calendar year, namely the Plasma Exchange System and the Accelerated Thermostatic Infusion Pump. The management believes the two new products will complement the Segment’s ABRS product and contribute significantly to the sales and growth of the Segment in the future.

Looking ahead, the Medical Device Segment will be subject to an increase in the corporate income tax rate from 10% to 18% following revisions in China's corporate income tax law. In addition, the Segment's second quarter results will be impacted by a temporary, but substantial, increase in operating costs brought about by provisional traffic controls and tightened security measures imposed by the Beijing municipal government over the duration of the Beijing 2008 Olympics Games. The management believes that the Segment will resume its growth momentum in the second half of this financial year with the launch of the new medical devices and normalization of operating conditions after the Olympic Games.

Healthcare Service Segment – Cord Blood Bank Services

The Cord Blood Bank operations now span the Beijing municipality and Guangdong Province. Due to the continued increase in penetration of the services in both regions, the Segment reported a turnover of HK\$36,866,000 for the period, representing a year-on-year increase of 47%. The Segment now accounts for 35% of the Group's turnover while the Guangdong operation, benefiting from application of the same successful sales and marketing models used in Beijing, witnessed robust revenue growth and contributed 39% to the Segment's total turnover.

The Segment's first quarter performance was affected by the misleading press reports in Shanghai earlier this calendar year, regarding the potential contamination of cord blood in the extraction process. However, public confidence in cord blood banks is gradually recovering, after the Ministry of Health held a press conference in Beijing 18 February 2008 reiterating its policies and position regarding the safety standards and development of umbilical cord blood banking industry, and stressed the obligations of cord blood bank service providers to fully inform their clients of their options in marketing campaigns.

In addition, the management believes the first ever Olympic Games held in China will have a positive effect on public sentiment, spurring demand for cord blood bank services. The management expects the Segment will resume its strong growth in the second quarter. To meet escalating demand, the Group will launch two new storage facilities this calendar year. This will greatly enhance the service quality and capacity of the Segment in both Beijing and Guangdong Province.

Following the revisions to the corporate tax law, the income tax rate applicable to the Beijing Cord Blood Bank increased from 7.5% to 9%, while the rate applicable to the Guangdong Cord Blood Bank decreased from 33% to 25%.

Natural Herbal Medicine Segment

The Group's Natural Herbal Medicine Segment includes a chain of natural herbal medicine retail stores in United Kingdom and Ireland, and integrated capabilities for research and development, production and sales of natural herbal medicines in China. The Group now holds 40% of CHI, which is classified as an associate company under the Group, with its performance accordingly being equity accounted for in the Group's consolidated financial statements. The Segment's operating environment has been challenging since the beginning of the calendar year, as consumer confidence in Europe has deteriorated with the credit crisis in the United States. The management has implemented initiatives to lower operating costs and broaden the Segment's sources of revenue in order to maintain the steady growth of the business.

FINANCIAL REVIEW

Turnover

For the three months ended 30 June 2008, all business segments of the Group registered steady and healthy growth with total turnover amounting to HK\$104,630,000, representing an increase of 18% over the same period in the previous financial year. Among the Group's three major business segments, the Medical Device Segment generated the most revenue, contributing 65% to the Group's total turnover. The cord blood bank services under the Healthcare Service Segment maintained its high growth of the last few years, accounting for 35% of the Group's total turnover. The management believes that the Medical Device Segment will continue to bring stable and substantial revenue to the Group, while the turnover from the Cord Blood Bank Segment will continue to rise rapidly.

Gross profit margin

The overall gross profit margin remained at 69% for the period under review.

Selling and administrative expenses

Total selling and administrative expenses for the first quarter of the 2008/2009 financial year, excluding the exceptional expense of approximately HK\$3,442,000 relating to donations made to the Sichuan earthquake relief efforts, came to HK\$29,134,000, equivalent to 28% of the Group's total revenue.

Corporate Income Tax

Due to the new “Corporate Income Tax Law” coming into effect from 1 January 2008, the corporate income tax expenses increased by 153% to HK\$12,416,000 this quarter.

Profits attributable to the equity shareholders of the Company

For the quarter under review, the profit attributable to equity shareholders of the Group was HK\$98,604,000, representing a drop by HK\$84,599,000 from the same period in the previous financial year. The decline was attributable to the following:

- The Group’s other net income from trading securities dropped to HK\$60,348,000, compared with HK\$141,712,000 in the same period last year.
- The Group’s income tax expenses showed a significant increase to HK\$12,416,000 as a result of the enactment of new corporate income tax law.
- The Group’s interest expenses rose from HK\$3,355,000 in the first quarter of last year to HK\$6,168,000.

Excluding the impact of one-time exceptional factors such as the decrease in securities trading income mentioned above, profits attributable to equity shareholders of the Company decreased slightly to HK\$38,256,000 during the period from HK\$41,491,000 in the same period last year.

Share buybacks

The management is committed to maximizing shareholders’ value and increase returns to shareholders. By 11 July 2008, the management mobilized HK\$14,336,000 for a share buyback program to preserve shareholders’ value.

Significant mergers and acquisitions

In the period under review, the Group has made a significant breakthrough in its bid to enter into China's hospital services market. The Group plans to acquire a 60% interest in a hospital management company and 70% contributors' interest in two leading haematologist hospitals at a total consideration of HK\$830 million. The acquisitions will not only create huge synergies between the Group's core businesses and the target businesses, but also enhance the Group's business structure and presence in China. In addition, the management expects the hospital management business to generate to strong cash flow.

PROSPECTS

While uncertainties surrounding the global economy and mounting inflation pressures in China have created a challenging business environment, the management is sparing no effort to sustain the Group's high-growth momentum and remains dedicated to increasing shareholders' value and returns by focusing on developing the Group's core businesses and successfully implementing corporate strategies.

In the long term, the management believes the Group's business prospects remain positive on the back of strong secular trends in China. As a fast-growing healthcare corporation focused on the China market, Golden Meditech stands to benefit from China's rapid economic growth, prospective medical reform, unprecedented government expenditure on public healthcare, increasing public health awareness and the rising disposable income of consumers. All these factors will generate significant long-term growth opportunities for the Group.

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

As at 30 June 2008, the interests and short positions of the Directors and chief executives of the Company in the shares and, in respect of equity derivatives, underlying shares and debentures, of the Company and its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance ("SFO")) which were notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they are taken or deemed to have under such provisions of the SFO), or which were required, pursuant to section 352 of the SFO, to be entered in the register referred to therein, or which were required, pursuant to Rules 5.46 to 5.67 of the GEM Listing Rules, to be notified to the Company and the Stock Exchange were as follows:

(a) The Company

Name of directors	Capacity and nature of interests	Long position/(Short position)		Total interests	Approximate percentage of the Company's issued share capital
		Corporate interests	Number of underlying shares held under equity derivatives		
Mr. KAM Yuen	Interest of controlled corporation	433,916,000 ⁽¹⁾ (61,832,000) ⁽²⁾	—	433,916,000 (61,832,000)	28.13% (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 30 June 2008.
- (2) Mr. KAM Yuen was deemed under the SFO to have a short position in the shares by virtue of his interest in Bio Garden.
- (3) These interests represent the directors' beneficial interests in the underlying shares in respect of share options granted by the Company to the directors as beneficial owners, details of which are set out in the section headed "Share Option Schemes" below.

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

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

Note:

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

Save as disclosed above, as at 30 June 2008, none of the directors or the 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 corporation (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 were required, pursuant to Rules 5.46 to 5.67 of the GEM Listing Rules, to be notified to the Company and the Stock Exchange.

SHARE OPTION SCHEMES

(a) Share option scheme of the Company

- 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.
- A summary of movements of share options under the share option schemes of the Company for the three months ended 30 June 2008 is as follows:

Name of Directors and employees	Date of grant	Number of	Number of	Exercise price HK\$
		underlying shares in respect of which share options were outstanding as at 1 April 2008	underlying shares in respect of which share options were outstanding as at 30 June 2008	
Mr. KAM Yuen	March 30, 2005 ⁽¹⁾	63,206,245	63,206,245	1.76
Mr. LU Tian Long	March 4, 2005 ⁽²⁾	400,000	400,000	1.60
Ms. ZHENG Ting	March 4, 2005 ⁽²⁾	2,000,000	2,000,000	1.60
Full-time employees (other than directors)	March 4, 2005 ⁽²⁾	11,870,000	11,870,000	1.60
		77,476,245	77,476,245	

Notes:

- The share options are exercisable as to:
 - up to 20% immediately after 6 months from the date of grant;
 - up to 60% immediately after 18 months from the date of grant;
 - up to 100% immediately after 30 months from the date of grant; and
 - the share options will expire at the close of business on 3 March 2015.
- 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.
- 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 during the three months ended 30 June 2008.

(b) Share option scheme of CSC

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

A summary of movements of share options granted under the CSC Scheme for the three months ended 30 June 2008 is as follows:

Name of directors and employees	Date of grant	Number of underlying shares in respect of which share options were outstanding as at	Number of underlying shares in respect of which share options were outstanding as at	Exercise price HK\$
		1 April 2008	30 June 2008	
Mr. KAM Yuen	September 21, 2006 ⁽¹⁾	10,000	10,000	450
Ms. ZHENG Ting	September 21, 2006 ⁽¹⁾	30,000	30,000	450
Full-time employees (other than directors)	September 21, 2006 ⁽¹⁾	60,000	60,000	450
		100,000	100,000	

Notes:

- (1) The share options are exercisable as to:
 - (i) up to 30% immediately after the Effective Date;
 - (ii) up to 60% immediately after 12 months from the Effective Date;
 - (iii) up to 100% immediately after 18 months from the Effective Date; and
 - (iv) the share options will expire at the close of business on 27 August 2016.
- (2) No share options granted under the CSC Scheme were exercised, cancelled or lapsed during the three months ended 30 June 2008.

DIRECTORS' RIGHT TO ACQUIRE SHARES OR DEBENTURES

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

SHAREHOLDERS' INTERESTS AND SHORT POSITIONS IN THE SHARES AND UNDERLYING SHARES OF THE COMPANY

As at 30 June 2008, the interests 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 were as follows:

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

Name	Capacity and nature of interest	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)	28.13% (4.01%)
Mr. Kent C. McCarthy ⁽²⁾	Interest of controlled corporation	308,986,419	20.03%
Jayhawk China Fund (Cayman), Ltd. ⁽²⁾	Investment manager	172,853,735	11.21%

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

Name of other persons who have more than 5% interest	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 30 June 2008.
- (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 30 June 2008, the Directors are not aware of any other person or corporation having an interest or short position in the shares and underlying shares of the Company representing 5% or more of the issued share capital of the Company.

COMPETITION AND CONFLICT OF INTERESTS

None of the Directors, the management shareholders or substantial shareholders of the Company or any of their respective associates has engaged in any business that competes or may compete with the business of the Group or has any other conflicts of interest with the Group.

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

During the three months ended 30 June 2008, the Company repurchased 1,036,000 shares on the Stock Exchange as follows:

Month of purchase	Number of shares repurchased	Price per share		Aggregate price paid <i>HK\$</i>
		Highest <i>HK\$</i>	Lowest <i>HK\$</i>	
June 2008	1,036,000	2.64	2.52	2,703,000

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\$104,000 was transferred from retained profits to the capital redemption reserve. The premium paid on the repurchase of the shares of HK\$2,609,000, including related expenses of HK\$10,000 was charged to the share premium account.

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

Except as disclosed above, neither the Company nor any of its subsidiaries purchased, redeemed or sold any of the Company's listed securities during the three months ended 30 June 2008.

SECURITIES TRANSACTIONS BY DIRECTORS

During the period under review, the Company has adopted the standards set out in Rules 5.48 to 5.67 of the GEM Listing Rules as the code of conduct regarding the Directors' securities transactions in securities of the Company. Having made specific enquiries of all Directors, all Directors confirmed that they have complied with, or they were not aware of any non-compliance with, the required standards of dealings.

AUDIT COMMITTEE

The Company has established an audit committee with written terms of reference. The primary duties of the audit committee are to review the Company's annual report, interim report and quarterly reports, the Group's financial control, internal control and risk management systems and to provide advice and comments thereon to the Board.

The audit committee, together with the management team of the Company, has reviewed the accounting principles and practices adopted by the Group and discussed accounting issues, internal control and financial reporting matters with the Directors, including a review of the unaudited first quarterly report for the three months ended 30 June 2008.

By order of the Board
KAM Yuen
Chairman

HONG KONG, 14 August 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>.

GLOSSARY

Terms used

Brief description

General

Company	Golden Meditech Company Limited.
Group	Golden Meditech Company Limited, together with its subsidiaries.
Subsidiary	A company in which the Group, directly or indirectly, holds more than half of the issued share capital or controls more than half the voting power or controls the composition of the board of directors. Subsidiaries are considered to be controlled if the company has the power, directly or indirectly, to govern the financial and operating policies, so as to obtain benefits from their activities.
Associate	A company in which the Group has significant influence, but not control or joint control, over its management, including participation in the financial and operating policy decisions.
Jointly Controlled Entity	A company which operates under a contractual arrangement between the Group and other parties, where the contractual agreement establishes that the Group and one or more of the other party share joint control over the economic activity of the company.
Director(s)	The director(s) of the Company.
PRC/China	The People's Republic of China, excluding Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan.

Stock Exchange	The Stock Exchange of Hong Kong Limited.
GEM	The Growth Enterprise Market operated by the Stock Exchange.
HK\$	The Hong Kong dollar, the currency of Hong Kong.
RMB	Chinese Renminbi Yuan, the currency of China.
SFDA	The State Food and Drug Administration of China.
Shareholder(s)	Holder(s) of Shares.
Shares	Ordinary shares of HK\$0.10 each in the capital of the Company.

Medical Device Segment

Autologous Blood Recovery System	A hi-tech medical device that collects, filtrates, separates, cleanses, and re- infuses a patient's own blood lost during an accident or operation, replacing traditional blood transfusion. Its main components are the ABRS Machine and the Disposable Chambers.
ABRS Machine	The machine of Autologous Blood Recovery System.
Disposable Chamber	The disposable blood processing chamber and related accessories. These are used once per operation, and cannot be reused.

Cord Blood Bank Segment

CSC	China Stem Cells Holdings Limited, an indirectly owned subsidiary of the Company. Its main operation is the provision of blood stem cell storage facilities and accessory services.
Blood stem cells	Hematopoietic stem cells, from which all hematopoietic and immune cell types are derived. They can develop into red blood cells, white blood cells and platelets, are self-regenerative and have a multi- differentiation and homing tendency (i.e. oriented migration to hematopoietic tissues or organs). They are found mainly in bone marrow, umbilical cord blood and peripheral blood.
Cord blood	The blood left in the umbilical cord and placenta after the umbilical cord of a newborn baby is clamped.
Cord blood bank	A professional medical institution offering extraction and banking services for cord blood hematopoietic stem cells and answering patients' enquiries on transplant matching.
Storage of blood stem cells	Cryopreserving, or preserving by freezing, blood stem cells in liquid nitrogen at -196°C for a long period of time.