



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.HK)

THIRD QUARTERLY REPORT

08
09





Enhancing
Shareholders' Value

CONTENTS

CHARACTERISTICS OF THE GEM	2
CORPORATE PROFILE	3
THIRD QUARTERLY RESULTS	4
NOTES TO THE THIRD QUARTERLY RESULTS	6
MANAGEMENT DISCUSSION & ANALYSIS	21
DIRECTORS' AND CHIEF EXECUTIVES' INTERESTS AND SHORT POSITIONS IN THE SHARES AND UNDERLYING SHARES OF THE COMPANY AND ITS ASSOCIATED CORPORATIONS	27
SHARE OPTION SCHEMES	29
DIRECTORS' RIGHT TO ACQUIRE SHARES OR DEBENTURES	32
SHAREHOLDERS' INTERESTS AND SHORT POSITIONS IN THE SHARES AND UNDERLYING SHARES OF THE COMPANY	32
COMPETITION AND CONFLICT OF INTERESTS	35
PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES	35
SECURITIES TRANSACTIONS BY DIRECTORS	35
AUDIT COMMITTEE	36
GLOSSARY	37
CORPORATE INFORMATION	40

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.

Hong Kong Exchanges and Clearing Limited and The Stock Exchange take no responsibility for the contents of this report, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this report.

This report, for which the directors (the “Directors”) of Golden Meditech Company Limited (the “Company”) collectively and individually accept full responsibility, includes particulars given in compliance with the Rules Governing the Listing of Securities on the GEM of the Stock Exchange (the “GEM Listing Rules”) for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that, to the best of their knowledge and belief:- 1. the information contained in this report 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 report misleading; and 3. all opinions expressed in this report 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 also operates one of the largest retail chains of 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% of equity interest in Pypo Digital Company Limited, a consumer electronic products distributor and retailer, and a strategic ownership of 18.9% shares issued by Cordlife Ltd (also being its single largest shareholder), the largest cord blood bank operator in Southeast Asia currently listed on the Australia Stock Exchange.

THIRD QUARTERLY RESULTS

The board of Directors (the “Board”) of the Company is pleased to announce the unaudited consolidated results of the Group for the nine months ended 31 December 2008 together with the comparative unaudited figures for the corresponding period in 2007 as follows:

CONSOLIDATED INCOME STATEMENT

		Unaudited For the three months ended 31 December		Unaudited For the nine months ended 31 December	
	Note	2008 HK\$'000	2007 HK\$'000	2008 HK\$'000	2007 HK\$'000
CONTINUING OPERATIONS					
Turnover	2	136,598	112,341	377,707	302,377
Cost of sales		(38,169)	(33,034)	(109,035)	(86,566)
Gross profit		98,429	79,307	268,672	215,811
Other revenue	4	12,686	12,316	40,859	37,226
Other net income/(loss)	5	(59,640)	112,366	(11,812)	279,144
Selling expenses		(10,796)	(8,229)	(31,726)	(21,462)
Administrative expenses		(22,240)	(17,170)	(65,256)	(50,745)
Profit from operations		18,439	178,590	200,737	459,974
Finance costs		(2,426)	(427)	(14,172)	(10,069)
Gain on deemed disposal of partial interests in jointly controlled entities		—	37,700	—	37,700
Share of profits of associates and jointly controlled entities		17,359	534	37,902	72,667
Profit before taxation		33,372	216,397	224,467	560,272
Income tax	6	(14,151)	(7,118)	(40,686)	(17,532)
Profit for the period from continuing operations		19,221	209,279	183,781	542,740
DISCONTINUED OPERATION					
Loss for the period from discontinued operation	7	—	(10,789)	—	(29,927)
Profit for the period		19,221	198,490	183,781	512,813

CONSOLIDATED INCOME STATEMENT *(continued)*

	Note	Unaudited For the three months ended 31 December		Unaudited For the nine months ended 31 December	
		2008 HK\$'000	2007 HK\$'000	2008 HK\$'000	2007 HK\$'000
Attributable to:					
Equity shareholders of the Company		4,687	190,242	151,363	494,396
Minority interests		14,534	8,248	32,418	18,417
		19,221	198,490	183,781	512,813
Earnings/(loss) per share	9				
Basic					
– From continuing and discontinued operations		0.30 cents	12.06 cents	9.80 cents	32.02 cents
– From continuing operations		0.30 cents	12.75 cents	9.80 cents	33.96 cents
– From discontinued operation		— cents	(0.69) cents	— cents	(1.94) cents
Diluted					
– From continuing and discontinued operations		0.27 cents	11.72 cents	9.65 cents	30.55 cents
– From continuing operations		0.27 cents	12.38 cents	9.65 cents	32.41 cents
– From discontinued operation		— cents	(0.66) cents	— cents	(1.86) cents

The notes on pages 6 to 20 form part of the third quarterly results.

NOTES TO THE THIRD QUARTERLY RESULTS

1. Basis of preparation and accounting policies

(a) 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 Standards, Hong Kong Accounting Standards (“HKAS”) 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.

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

All intra-group transactions and balances have been eliminated in preparing these results.

(b) Accounting policies

Except as described below, the principal accounting policies used in the preparation of the unaudited consolidated results are consistent with those adopted in the preparation of the consolidated annual financial statements of the Group for the year ended 31 March 2008. The following new standards, amendments to standards or interpretations are mandatory for accounting periods beginning on or after 1 January 2008:

- | | |
|----------------------|--|
| • HK(IFRIC) – Int 11 | HKFRS 2 – Group and treasury share transactions; |
| • HK(IFRIC) – Int 12 | Service concession arrangement; |
| • HK(IFRIC) – Int 14 | HKAS 19 – The limit on a defined benefit asset, minimum funding requirements and their interaction |

The adoption of the above HKFRSs has no material impact on the Group’s results of operation and financial position.

1. Basis of preparation and accounting policies *(continued)*

(b) Accounting policies (continued)

The following new standards, amendments to standards and interpretations have been issued but are not effective for the current reporting period:

- HKFRS 8 Operating segments;
- HKAS 23 (Amendment) Borrowing costs;
- HKFRS 2 (Amendment) Share-based payment;
- HKFRS 3 (Amendment) Business combinations and consequential amendments to HKAS 27;
- HKAS 1 (Amendment) Presentation of financial statements;
- HKAS 32 (Amendment) Financial instruments: presentation;
- HK(IFRIC) – Int 13 Customer loyalty programmes

The Group is in the process of making an assessment of what the impact of these amendments, new standards and new interpretations is expected to be in the period of initial application. So far it has concluded that the adoption of them is unlikely to have a material impact on the Group's results of operations and financial position.

2. Turnover

The Group is principally engaged in the manufacture and sales of medical devices ("Medical Devices") and the disposable blood processing chambers and related accessories ("Disposable Chambers"), and the provision of examination, processing, separation and storage services and application-related services for blood stem cells ("Cord Blood Bank"), and the research and development, manufacture and sale of 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 analyzed as follows:

	Unaudited For the three months ended 31 December		Unaudited For the nine months ended 31 December	
	2008 HK\$'000	2007 HK\$'000	2008 HK\$'000	2007 HK\$'000
CONTINUING OPERATIONS				
Sales of Medical Devices	54,984	58,625	164,528	167,714
Sales of Disposable Chambers	18,787	15,128	56,536	42,962
Cord Blood Bank services	62,827	38,588	156,643	91,701
	<u>136,598</u>	<u>112,341</u>	<u>377,707</u>	<u>302,377</u>
DISCONTINUED OPERATION				
Sales of natural herbal medicines	—	2,268	—	5,291
	<u>—</u>	<u>2,268</u>	<u>—</u>	<u>5,291</u>

3. Segment information

(i) Primary reporting format – business segments

The Group comprises the following main business segments:

- Medical Device Segment – the development, manufacture and sales of medical devices;
- Cord Blood Bank Segment – the provision of blood stem cells examination, processing, separation and storage and application-related services; and
- Natural Herbal Medicine Segment – the research and development, manufacture and sales 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 for the Group's business segments.

	Unaudited			
	For the nine months ended			
	31 December 2008			
	HK\$'000			
	Continuing Operations	Discontinued Operation		
	Medical Device Segment	Cord Blood Bank Segment	Natural Herbal Medicine Segment	Consolidated
Turnover	221,064	156,643	—	377,707
Segment results	147,195	75,998	—	223,193
Unallocated income and expenses				(22,456)
Profit from operations				200,737
Finance costs				(14,172)
Share of profits of associates and jointly controlled entities				37,902
Profit before taxation				224,467
Income tax				(40,686)
Profit for the period				183,781
Attributable to:				
Equity shareholders of the Company				151,363
Minority interests				32,418
				183,781

3. Segment information (continued)

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

	Unaudited			
	For the nine months ended			
	31 December 2007			
	HK\$'000			
	Continuing	Discontinued		
	Operations	Operation		
		Cord	Natural	
	Medical	Blood	Herbal	
	Device	Bank	Medicine	
	Segment	Segment	Segment	Consolidated
Turnover	<u>210,676</u>	<u>91,701</u>	<u>5,291</u>	<u>307,668</u>
Segment results	<u>145,634</u>	<u>43,111</u>	<u>(29,927)</u>	158,818
Unallocated income and expenses				<u>271,229</u>
Profit from operations				430,047
Finance costs				(10,069)
Share of profits of associates and jointly controlled entities				72,667
Gain on deemed disposal of partial interests in jointly controlled entities				<u>37,700</u>
Profit before taxation				530,345
Income tax				<u>(17,532)</u>
Profit for the period				<u>512,813</u>
Attributable to:				
Equity shareholders of the Company				494,396
Minority interests				<u>18,417</u>
				<u>512,813</u>

3. Segment information (continued)

(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 31 December		Unaudited For the nine months ended 31 December	
	2008 HK\$'000	2007 HK\$'000	2008 HK\$'000	2007 HK\$'000
CONTINUING OPERATIONS				
Interest income	6,680	7,224	24,233	21,649
Dividend income	1,455	—	3,066	1,508
VAT refund (Note)	4,537	4,837	13,535	13,814
Sundry income	14	255	25	255
	<u>12,686</u>	<u>12,316</u>	<u>40,859</u>	<u>37,226</u>
DISCONTIUED OPERATION				
Interest income	—	6	—	12
	<u>—</u>	<u>6</u>	<u>—</u>	<u>12</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/(loss)

	Unaudited For the three months ended 31 December		Unaudited For the nine months ended 31 December	
	2008 HK\$'000	2007 HK\$'000	2008 HK\$'000	2007 HK\$'000
CONTINUING OPERATIONS				
Available-for-sale equity securities: transfer from equity on disposal	—	114,489	81,405	377,043
Net realised and unrealised loss on investments	(24,378)	(1,019)	(32,783)	(96,430)
Net exchange loss	(35,364)	(1,038)	(60,867)	(1,305)
Others	102	(66)	433	(164)
	<u>(59,640)</u>	<u>112,366</u>	<u>(11,812)</u>	<u>279,144</u>
DISCONTINUED OPERATION				
Net exchange loss	—	(15)	—	(8)
	<u>—</u>	<u>(15)</u>	<u>—</u>	<u>(8)</u>

6. Income tax

Income tax charged to the consolidated income statement represents:

	Unaudited For the three months ended 31 December		Unaudited For the nine months ended 31 December	
	2008 HK\$'000	2007 HK\$'000	2008 HK\$'000	2007 HK\$'000
CONTINUING OPERATIONS				
Current tax				
- Outside Hong Kong	14,151	7,118	40,686	17,532
PRC income tax for the period	<u>14,151</u>	<u>7,118</u>	<u>40,686</u>	<u>17,532</u>

6. Income tax (continued)

(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 ended 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 is unified at 25% from 1 January 2008.

Further, the State Council released the Implementation Rules to the Corporate Income Tax Law on 6 December 2007 and Notice on the Implementation Rules of the Grandfathering Relief under the Corporate Income Tax Law (Guo Fa [2007] No. 39) on 26 December 2007 (collectively, the "Implementation Rules"). Under the New Tax Law and the Implementation Rules, an entity established before 16 March 2007 that was entitled to preferential tax treatment prior to the New Tax Law becoming effective will be subject to transitional tax rates before the new corporate income tax rate of 25% applies. For Jingjing and Jiachenhong, the transitional tax rates are 18%, 20%, 22% and 24% in 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 31 December 2008. As a result of the New Tax Law and the Implementation Rules, current taxation for Jingjing and Jiachenhong has been accrued based on tax rates of 18% and 9% respectively for the nine months ended 31 December 2008.

6. Income tax (continued)

(ii) Hong Kong Profits Tax

No provision for Hong Kong Profits Tax was made for the nine months ended 31 December 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. 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, the Group's interest in CHI is recognised as interest in associates in the Group's consolidated financial statements.

7. Discontinued operation (continued)

The results of the discontinued operation for the three months and nine months ended 31 December 2008 and 2007 are as follows:

	Note	Unaudited For the three months ended 31 December		Unaudited For the nine months ended 31 December	
		2008 HK\$'000	2007 HK\$'000	2008 HK\$'000	2007 HK\$'000
Turnover	2	—	2,268	—	5,291
Cost of sales		—	(8,241)	—	(24,113)
Gross profit		—	(5,973)	—	(18,822)
Other revenue	4	—	6	—	12
Other net loss	5	—	(15)	—	(8)
Selling expenses		—	(808)	—	(1,485)
Administrative expenses		—	(3,999)	—	(9,624)
Loss for the period		—	(10,789)	—	(29,927)
Attributable to:					
Equity shareholders of the Company		—	(10,789)	—	(29,927)
Minority interests		—	—	—	—
		—	(10,789)	—	(29,927)

8. Dividend

	Unaudited For the three months ended 31 December		Unaudited For the nine months ended 31 December	
	2008 HK\$'000	2007 HK\$'000	2008 HK\$'000	2007 HK\$'000
Final dividend in respect of the previous financial year, approved and paid during the period, of nil (2007: 3.1 HK cents per share)	—	—	—	47,189

The Directors do not recommend the payment of an interim dividend for the nine months ended 31 December 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 31 December		Unaudited For the nine months ended 31 December	
	2008 HK\$'000	2007 HK\$'000	2008 HK\$'000	2007 HK\$'000
From continuing and discontinued operations				
Profit attributable to equity shareholders	<u>4,687</u>	<u>190,242</u>	<u>151,363</u>	<u>494,396</u>
From continuing operations				
Profit attributable to equity shareholders	<u>4,687</u>	<u>201,031</u>	<u>151,363</u>	<u>524,323</u>
From discontinued operation				
Loss attributable to equity shareholders	<u>—</u>	<u>(10,789)</u>	<u>—</u>	<u>(29,927)</u>
	<u>'000</u>	<u>'000</u>	<u>'000</u>	<u>'000</u>
Issued ordinary shares at beginning of period	1,536,942	1,577,066	1,543,522	1,522,224
Effect of issue of shares	18,260	—	6,109	—
Effect of shares repurchased and cancelled	(2,790)	—	(5,047)	(100)
Effect of conversion of convertible bonds	—	—	—	21,052
Effect of scrip dividend	—	—	—	836
Weighted average number of ordinary shares in issue	<u>1,552,412</u>	<u>1,577,066</u>	<u>1,544,584</u>	<u>1,544,012</u>
From continuing and discontinued operations				
Basic earnings per share (HK cents)	<u>0.30</u>	<u>12.06</u>	<u>9.80</u>	<u>32.02</u>
From continuing operations				
Basic earnings per share (HK cents)	<u>0.30</u>	<u>12.75</u>	<u>9.80</u>	<u>33.96</u>
From discontinued operation				
Basic loss per share (HK cents)	<u>—</u>	<u>(0.69)</u>	<u>—</u>	<u>(1.94)</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		Unaudited	
	For the three months		For the nine months	
	ended 31 December		ended 31 December	
	2008	2007	2008	2007
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
From continuing and discontinued operations				
Profit attributable to equity shareholders	4,687	190,242	151,363	494,396
After tax effect of effective interest on liability component of convertible bonds	—	—	—	1,304
Dilutive impact on profit from deemed issue of ordinary shares of a subsidiary under the share option scheme of a subsidiary for nil consideration	(459)	(886)	(1,021)	(2,034)
Profit attributable to equity shareholders (diluted)	4,228	189,356	150,342	493,666
Attributable to:				
Continuing operations	4,228	200,145	150,342	523,593
Discontinued operation	—	(10,789)	—	(29,927)
	4,228	189,356	150,342	493,666

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

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

Weighted average number of ordinary shares (diluted)

	Unaudited For the three months ended 31 December		Unaudited For the nine months ended 31 December	
	2008 '000	2007 '000	2008 '000	2007 '000
Weighted average number of ordinary shares at 31 December	1,552,412	1,577,066	1,544,584	1,544,012
Effect of conversion of convertible bonds	—	—	—	31,579
Effect of deemed issue of ordinary shares under the Company's share option scheme for nil consideration	—	39,168	12,674	40,103
Weighted average number of ordinary shares (diluted) at 31 December	1,552,412	1,616,234	1,557,258	1,615,694
From continuing and discontinued operations				
Diluted earnings per share (HK cents)	0.27	11.72	9.65	30.55
From continuing operations				
Diluted earnings per share (HK cents)	0.27	12.38	9.65	32.41
From discontinued operation				
Diluted loss per share (HK cents)	—	(0.66)	—	(1.86)

10. Reserves

Unaudited
Attributable to equity shareholders of the Company

	Capital									Total
	Share redemption premium	Merger reserve	Exchange reserve	Surplus reserve	Capital reserve	Fair value reserve	Other reserve	Retained profits	Total	
	HK\$ '000	HK\$ '000	HK\$ '000	HK\$ '000	HK\$ '000	HK\$ '000	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	—	—	—	—	—	—	(16,690)	—	—	(16,690)
Transfer to profit or loss on disposal of available-for-sale equity securities	—	—	—	—	—	—	(81,405)	—	—	(81,405)
Transfer to profit or loss on reclassification of available-for-sale equity securities	—	—	—	—	—	—	(81,066)	—	—	(81,066)
Issue of shares	51,474	—	—	—	—	—	—	—	—	51,474
Shares repurchased and cancelled	(18,917)	960	—	—	—	—	—	—	(960)	(18,917)
Exchange differences	—	—	—	8,760	—	—	—	—	—	8,760
Equity-settled share-based transactions	—	—	—	—	—	66	—	—	—	66
Profit for the period	—	—	—	—	—	—	—	—	151,363	151,363
As at 31 December 2008	<u>1,051,432</u>	<u>5,868</u>	<u>54,193</u>	<u>215,886</u>	<u>78,828</u>	<u>13,454</u>	<u>(21,255)</u>	<u>(4,670)</u>	<u>1,698,395</u>	<u>3,092,131</u>

10. Reserves (continued)

	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 redemption premium	reserve								
HK\$ '000	HK\$ '000	HK\$ '000	HK\$ '000	HK\$ '000	HK\$ '000	HK\$ '000	HK\$ '000	HK\$ '000	HK\$ '000	
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	—	—	—	—	—	—	335,946	—	—	335,946
Transfer to profit or loss on disposal of available-for-sale equity securities	—	—	—	—	—	—	(377,042)	—	—	(377,042)
Shares issued upon conversion of convertible bonds	101,205	—	—	—	—	(6,740)	—	—	—	94,465
Issue of shares for scrip dividend	8,187	—	—	—	—	—	—	—	—	8,187
Shares repurchased and cancelled	(533)	21	—	—	—	—	—	—	(21)	(533)
Contribution from minority shareholders	—	—	—	—	—	—	—	62,713	—	62,713
Disposal of interests in subsidiaries	—	—	—	(30,848)	—	—	—	164,371	76,000	209,523
Exchange differences	—	—	—	49,345	—	—	—	—	—	49,345
Equity-settled share-based transactions	—	—	—	—	—	4,420	—	—	—	4,420
Transfer to surplus reserve	—	—	—	—	15,797	—	—	—	(15,797)	—
Profit for the period	—	—	—	—	—	—	—	—	494,396	494,396
Dividend	—	—	—	—	—	—	—	—	(47,189)	(47,189)
As at 31 December 2007	<u>1,107,772</u>	<u>1,544</u>	<u>54,193</u>	<u>116,809</u>	<u>77,030</u>	<u>14,968</u>	<u>280,955</u>	<u>53,086</u>	<u>1,535,806</u>	<u>3,242,163</u>

MANAGEMENT DISCUSSION & ANALYSIS

OVERALL BUSINESS REVIEW

Under the impacts of the global financial crisis, the outlook for the Chinese economy is invariably dimmed. Nonetheless, the government has announced a huge stimulus package to maintain the steady and relatively fast growth of the national economy. Given that healthcare industry is relatively less affected by economic turbulence, it is expected that the industry will continue with a sustained and stable growth pattern in China. Against all the odds, therefore, as a leading healthcare company dedicated to China's market, Golden Meditech Company Limited (hereunder "the Group") recorded operating revenue of HK\$377,707,000 in the first nine months of the financial year ended 31 December 2008, up 25% over the corresponding period of previous year.

During the reporting period, the Group management devoted tremendous efforts to promote the steady development and solid growth of its core business. On the one hand, it has striven to enhance the market development of the umbilical cord blood bank business. On the other hand, it has reinforced the market publicity work to promote the clinical application of self-developed medical devices, and embarked on the marketing of new products with full dedication by availing itself of the strong existing clientele.

To further the long-term development, the Group has decided to spin off its umbilical cord blood bank business for overseas listing. The proposal won the support of the overwhelming majority of shareholders and was formally endorsed at the Extraordinary General Meeting in Hong Kong on 15 December 2008, demonstrating their steadfast confidence in the development strategy of the Group.

The Group's operating profits for the nine months ended 31 December 2008, excluding one-off items and income(loss) derived from investment activities surged to HK\$212,549,000, up 18% compared with the same period of last year. This illustrates the persistent and stable growth momentum of the core business segments of the Group and their strong profit-generating capability. However, as a result of the financial crisis, the Group recorded losses and impairment charges totalling HK\$11,812,000. The implementation of the new tax law also raised corporate income tax to HK\$40,686,000. The profits attributable to equity shareholders during the reporting period were thus reduced by 69 % as compared with the same period of last year, to HK\$151,363,000.

BUSINESS SEGMENT REVIEW

Medical Device Segment

During the first nine months of the financial year, the Medical Device Segment reported a turnover of HK\$221,064,000, up 5% over the corresponding period of last year. Operating profits amounted to HK\$147,195,000, up 1% over the same period of last year.

It is nonetheless heartening to see that, given the increasing popularity of ABRS, the sales of one-time disposable chambers continue to grow at double digit and their slice of the segment's sales revenue has increased to 26%. The growth of sales revenue from existing ABRS devices has decelerated, as they have reached the mature stage in product life cycle. The management is actively considering new marketing strategies to step up the penetration of ABRS devices at hospitals and further encourage the sales of disposable chambers. Concurrently, the Group is reinforcing its marketing efforts on target hospital clients to promote two new products, i.e. the Plasma Exchange System and the Accelerated Thermostatic Infusion Pump. Leveraging on the Group's nationwide clientele and distribution network, as well as its rich experience with China's market, the management believes that these new products will further the overall sales of the Medical Device Segment in the foreseeable future, making greater contribution to the Group.

During the reporting period, the operating costs of the Medical Device Segment by and large remained stable and under control. Owing to the implementation of the new "Corporate Income Tax Law", the income tax rate applicable to the segment had risen to 18% from 10% of the previous year.

Healthcare Service Segment — Cord Blood Bank Services

In the first nine months of the financial year, the Cord Blood Bank operations recorded strong growth, especially in the Guangdong Province. The segment reported a turnover of HK\$156,643,000, up 71% over the same period of last year and accounting for 41% of the Group's total turnover.

In alignment with the fast expansion of our business, the Group's new cord blood storage facilities, currently under construction in Beijing, will officially commence operation on 1 April 2009. By then, combined with the existing cord blood storage facilities in the Guangdong Province, the Group will have a total storage capacity of 600,000 units of cord blood stem cells. This will greatly enhance the Group's servicing capability in these two regions.

During the reporting period, the income tax rates applicable to the Beijing Cord Blood Bank and the Guangdong Cord Blood Bank are 9% and 25% respectively.

The resolution regarding the spin-off and listing of the Group's Cord Blood Bank business earned the support of the overwhelming majority of shareholders at the Extraordinary General Meeting held in Hong Kong on 15 December 2008, and is at present being smoothly executed. At an enterprise valuation of US\$350 million, the Group and the selling shareholders will sell approximately 93.94% of shares of CCBS to Pantheon China Acquisition Corp. ("Pantheon"), in exchange for the latter's newly issued shares of an equivalent value. The final completion of related transactions is subject to the approval of the shareholders of Pantheon and the U.S. Securities Exchange Commission.

Upon completion of the transactions, Pantheon will readily apply for listing on the New York Stock Exchange. This move will make Golden Meditech the first healthcare company amongst companies listed on the Hong Kong Growth Enterprise Market to have successfully spun off and listed its business operation overseas. This will not only be conducive to speed up the development of Cord Blood Bank services in China and the Pan-Asia region, but also provide long-term benefits and return to Golden Meditech's shareholders.

Natural Herbal Medicine Segment

The Natural Herbal Medicine Segment is primarily engaged in the healthcare and natural herbal chain stores operation in the U.K. and Ireland as well as the proprietary research and development, production and sales of natural herbal medicines in China. As a consequence of the ongoing global financial crisis, consumer confidence in Europe has weakened, leading to deteriorating results of existing chain stores of this segment and causing negative impacts on business development in Europe. The management of the associates has already taken corresponding measures, by realigning business expansion programmes and reducing costs, in order to ensure the stable operation of the segment.

Significant Events, Mergers and Acquisitions

Overseas Listing of Jointly Controlled Entity

Pypo Digital Company Limited, a jointly controlled entity under the Group, is pursuing overseas listing in accordance with its expansion strategy in the China market.

Hospital Services and Hospital Management Business

The Group is making steady progress in developing hospital services and hospital management projects. Subject to the approval of relevant government departments, it expects to complete related procedures in the near future. The efforts by the Group in making the strategic entry into hospital service and management business are not only in line with the current market demand trend in China, but will also create considerable synergy effects with the Group's core businesses. This will be conducive to the fortification and optimization of the Group's business structure and its strategic industry disposition in the China market, and provide for the Group long-term, steady and considerable profit contributions at the same time.

FINANCIAL REVIEW

Turnover

For the initial nine months of the financial year ended 31 December 2008, the various core business segments of the Group continued with steady growth. Total turnover increased by 25% over the corresponding period of last year, to HK\$377,707,000. Among the Group's major business segments, the share of cord blood bank services of Group turnover rose significantly to 41% during the reporting period, as a result of years of sustained fast growth. The Medical Devices Segment remains the largest contributor to Group revenue, accounting for 59% of total turnover.

Gross profit margin

During the reporting period, the Group's overall gross profit margin was maintained at a level of 71%.

Selling and administrative expenses

The selling and administrative expenses of the Group during the reporting period was HK\$96,982,000, approximately 26% of total sales revenue. The increase in selling and administrative expenses was mainly attributable to the expansion of core business during the reporting period. The management will endeavour to control such expenses at a reasonable level.

Corporate income tax

As China had enforced the new "Corporate Income Tax Law" with effect from 1 January 2008, the corporate income tax expenses for the Group as a whole increased by 132% over the same period of last year, to HK\$40,686,000.

Operating profits

The operating profits of the Group's core business for the initial nine months of the financial year, excluding investment gains/(losses) and one-off income, amounted to HK\$212,549,000, up 18% over the corresponding period of last year. However, owing to the impacts of various factors such as losses arising from Group investment activities in the reporting period as a result of capital market dislocation brought about by the financial turmoil, the effects of shareholding dilution on the profits of jointly controlled entities, as well as the increase of corporate income tax, the total profits attributable to shareholders was HK\$151,363,000.

New share issuance

The Company issued 60 million new shares to an institutional investor during the reporting period. After the new share issuance, the institutional investor holds an aggregate of more than 5% of Company's shares.

PROSPECT

Whereas the financial crisis has created uncertainties to the global economy, the Group management has proactively taken corresponding measures, focusing on the areas of core business to ensure the steady growth of the Medical Devices and Healthcare Service Segments. With the successive promulgation and implementation of various reform measures to healthcare system in China, we anticipate that the government will further increase its investment in social healthcare protection and hospital infrastructure. The hospital services and hospital management market will also provide valuable business opportunities to the participation and development of enterprises with economy of scale.

The management is convinced that as a healthcare enterprise dedicated to the China market, Golden Meditech will continue to benefit from the steady growth of the Chinese economy. In addition, by fully availing itself of the structural growth opportunity engendered by positive factors at various levels such as the economy, policy, industry and the boost to domestic demand, the Group will maintain its stable profit-generating capability and cash flow. The management will continue to thoroughly pursue and implement its established strategy, strengthen its core business and prudently explore other development opportunities, thereby realizing the strategic development objectives of the Group for the future and enhancing the value and long-term return to shareholders.

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

As at 31 December 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) Long position in shares and underlying shares of the Company

Name of Directors	Capacity and nature of interests	Number of ordinary shares of HK\$0.1 each	Number of underlying shares held under equity derivatives	Total interests	Approximate percentage of the Company's issued share capital
Mr. KAM Yuen	Founder of trusts	372,084,000 ⁽¹⁾	—	372,084,000	23.34%
	Beneficial owner	—	63,206,245 ⁽²⁾	63,206,245	3.97%
Mr. LU Tian Long	Beneficial owner	—	400,000 ⁽²⁾	400,000	0.03%
Ms. ZHENG Ting	Beneficial owner	—	2,000,000 ⁽²⁾	2,000,000	0.13%

Notes:

- (1) Mr. KAM Yuen was deemed under the SFO to have an interest in 372,084,000 shares beneficially owned by Bio Garden Inc. ("Bio Garden") as at 31 December 2008 by virtue of his being the founder of certain discretionary trustees which owned the entire issued share capital of Bio Garden.
- (2) These interests represented the Directors' beneficial interests in the underlying shares in respect of share options granted by the Company to the Directors as beneficial owners, for the subscription of ordinary shares of HK\$0.1 each of the Company, details of which are set out in the section headed "Share Option Schemes" below.

(b) Long position in underlying shares of China Stem Cells Holdings Limited ("CSC"), a subsidiary of the Company

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 represented the Directors' beneficial interests in the underlying shares in respect of share options granted by CSC to the Directors as beneficial owners, for the subscription of ordinary shares of US\$1 each of CSC, details of which are set out in the section headed "Share Option Schemes" below.

Save as disclosed above, as at 31 December 2008, none of the Directors or chief executives of the Company or their respective associates had any interests or short positions in the shares or, in respect of equity derivatives, underlying shares in, or debentures of, the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which would have to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have under such provisions of the SFO) or which were required, pursuant to section 352 of the SFO, to be entered in the register referred to therein, or which were required, pursuant to Rules 5.46 to 5.67 of the GEM Listing Rules, to be notified to the Company and the Stock Exchange.

SHARE OPTION SCHEMES

(a) Share option schemes of the Company

- Principal terms of the share option schemes of the Company are set out in note 36(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 nine months ended 31 December 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 1 April 2008	Number of underlying shares in respect of which share options were outstanding as at 31 Dec. 2008	Exercise price HK\$
Mr. KAM Yuen	30 March 2005 ⁽¹⁾	63,206,245	63,206,245	1.76
Mr. LU Tian Long	4 March 2005 ⁽²⁾	400,000	400,000	1.60
Ms. ZHENG Ting	4 March 2005 ⁽²⁾	2,000,000	2,000,000	1.60
Full-time employees (other than Directors)	4 March 2005 ⁽²⁾	11,870,000	11,870,000	1.60
		77,476,245	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 during the period ended 31 December 2008.

(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. A summary of movements of share options under the CSC Scheme for the nine months ended 31 December 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 1 April 2008	Number of underlying shares in respect of which share options were outstanding as at 31 Dec. 2008	Exercise price HK\$
Mr. KAM Yuen	21 September 2006 ⁽¹⁾	10,000	10,000	450
Ms. ZHENG Ting	21 September 2006 ⁽¹⁾	30,000	30,000	450
Full-time employees (other than Directors)	21 September 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 period ended 31 December 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 31 December 2008, 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 were as follows:

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

Name	Capacity and nature of interests	Number of issued shares	Approximate percentage of the Company's issued share capital
Bio Garden ⁽¹⁾	Beneficial owner	372,084,000 ⁽⁶⁾	23.34%
Credit Suisse Trust Limited ⁽²⁾	Trustee	372,084,000 ⁽⁶⁾	23.34%
Newcorp Holdings Limited ⁽³⁾	Interest of controlled corporation	372,084,000 ⁽⁶⁾	23.34%
David William Roberts ⁽⁴⁾	Interest of controlled corporation	372,084,000 ⁽⁶⁾	23.34%
David Henry Christopher Hill ⁽⁴⁾	Interest of controlled corporation	372,084,000 ⁽⁶⁾	23.34%
Rebecca Ann Hill ⁽⁵⁾	Interest of spouse	372,084,000 ⁽⁶⁾	23.34%
Mr. Kent C. McCarthy ⁽⁷⁾	Interest of controlled corporation	379,694,604	23.82%

(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
Jayhawk China Fund (Cayman), Ltd. ⁽⁷⁾	Investment manager	138,955,735	8.72%
Martin Currie (Holdings) Limited	Interest of controlled corporation	110,568,000	6.94%
Atlantis Investment Management Ltd	Investment manager	92,236,197	5.79%

Notes:

- (1) Bio Garden is an investment holding company incorporated in the British Virgin Islands. It was wholly-owned by certain discretionary trusts of which Mr. KAM Yuen was the founder.
- (2) The corporate substantial shareholder notice filed by Credit Suisse Trust Limited indicated that Gold Rich Investment Limited (“Gold Rich”) and Gold View Investment Limited (“Gold View”) had, in aggregate, a 36% interest in Bio Garden which beneficially owned 372,084,000 shares as at 31 December 2008. Gold Rich and Gold View were in turn indirectly wholly-owned by Credit Suisse Trust Limited as trustee of certain discretionary trusts as referred to in (1) above. Accordingly, Credit Suisse Trust Limited was deemed, under the SFO, to have an interest in the 372,084,000 shares held by Bio Garden.
- (3) The corporate substantial shareholder notice filed by Newcorp Holdings Limited indicated that Golden Fountain Investments Limited (“Golden Fountain”) had a 64% interest in Bio Garden which beneficially owned 372,084,000 shares as at 31 December 2008. Golden Fountain was in turn an indirect wholly-owned subsidiary of Newcorp Holdings Limited. Accordingly, Newcorp Holdings Limited was deemed, under the SFO, to have an interest in the 372,084,000 shares held by Bio Garden.
- (4) The individual substantial shareholder notices filed by David William Roberts and David Henry Christopher Hill indicated that they were deemed to be interested in the 372,084,000 shares under the SFO by virtue of their interests held in Newcorp Holdings Limited.
- (5) The individual substantial shareholder notice filed by Rebecca Ann Hill indicated that her deemed interest in the 372,084,000 shares represented the interest of her spouse, David Henry Christopher Hill.
- (6) These interests represented the same block of shares of the Company.
- (7) The interests disclosed by Mr. Kent C. McCarthy included 138,955,735 shares of the Company held by Jayhawk China Fund (Cayman), Ltd.

Save as disclosed above, as at 31 December 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 or the management shareholders of the Company or any of their respective associates has engaged in any business that competes or may compete with the business of the Group or has any other conflicts of interest with the Group.

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

During the nine months ended 31 December 2008, the Company repurchased 9,600,000 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
July 2008	4,880,000	2.60	2.13	11,582,000
September 2008	664,000	1.80	1.55	1,091,000
October 2008	3,020,000	1.60	1.39	4,412,000

The issued share capital of the Company was reduced by the par value of the repurchased shares. The premium paid for the repurchase of the shares and the related expenses were charged to the extent of HK\$18,917,000 to the share premium account and HK\$960,000 to the retained earnings 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 nine months ended 31 December 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 comprises three independent non-executive Directors, namely Prof. CAO Gang (chairman of the audit committee), Mr. GAO Zong Ze and Prof. GU Qiao.

The audit committee, together with the management team of the Company, has reviewed the accounting principles and practices adopted by the Group and discussed accounting issues, internal control and financial reporting matters with the Directors, including a review of the unaudited third quarterly report for the nine months ended 31 December 2008.

By order of the Board
KAM Yuen
Chairman

HONG KONG, 13 February 2009

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 Control 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 machine and the disposable chambers.
ABRS Machine	The machine of Autologous Blood Recovery System.
Disposable Chamber	The disposable medical accessories. These are used once per operation and cannot be reused.

Cord Blood Bank Segment

CSC	China Stem Cells Holdings Limited, an indirectly non-wholly 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 type 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.

CORPORATE INFORMATION

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

Head Office and Principal Place of Business in the PRC

No.11 Wan Yuan Street

Beijing Economic Technological Development Area

Beijing, 100176 China

Principal Place of Business in Hong Kong

48/F, Bank of China Tower

1 Garden Road

Central, Hong Kong

Stock Code

8180.HK

Qualified Accountant and Company Secretary

Mr. KONG Kam Yu, ACA, AHKSA

Compliance Officer

Mr. KAM Yuen

Audit Committee Members

Prof. CAO Gang (*Chairman*)

Mr. GAO Zong Ze

Prof. GU Qiao

Remuneration Committee Members

Mr. GAO Zong Ze (*Chairman*)

Prof. CAO Gang

Prof. GU Qiao

Authorized Representatives

Mr. KAM Yuen

Ms. ZHENG Ting

Legal Advisers to the Company

as to Hong Kong law

Jones Day

Auditors

KPMG

Principal Share Registrar and Transfer Office in the Cayman Islands

Appleby Corporate Services (Cayman) Limited

Branch Share Registrar and Transfer Office in Hong Kong

Computershare Hong Kong Investor Services Limited

Principal Bankers

China Construction Bank – Beijing Branch

Deutsche Bank AG

Sumitomo Mitsui Banking Corporation

EFG Bank

CITIC Ka Wah Bank Limited

Bank of China (Hong Kong) Limited

Investor Relations Officer

Mr. Dennis Lu, Investor Relations Manager

Email: ir@goldenmeditech.com

Website

www.goldenmeditech.com