
IMPORTANT

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

If you have sold all your shares in SIIC Medical Science and Technology (Group) Limited, you should at once hand this circular to the purchaser or to the bank, stockbroker or other agent through whom the sale was effected for transmission to the purchaser.



SIIC MEDICAL SCIENCE AND TECHNOLOGY (GROUP) LIMITED

上海實業醫藥科技(集團)有限公司*

(Incorporated in the Cayman Islands with limited liability)

**PROPOSED GENERAL MANDATES TO ISSUE SHARES
AND
TO REPURCHASE BY THE COMPANY OF ITS OWN SHARES**

The Stock Exchange of Hong Kong Limited (the “Stock Exchange”) takes no responsibility for the contents of this circular, 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 circular.

The Directors collectively and individually accept full responsibility for this circular which is given in compliance with the requirements (Rules Governing the Listing of Securities on the Growth Enterprise Market) of the Stock Exchange. The Directors confirm, having made all reasonable enquiries, that to the best of their knowledge and belief, (i) the information contained in this circular are accurate and complete in all material aspects and not misleading; (ii) there are no other facts the omission of which would make any statement herein misleading; and (iii) opinions expressed in this circular have been arrived at after due and careful consideration on the basis and assumptions of reasonableness and fairness.

This circular will remain on the GEM website on the “Latest Company Announcements” page for 7 days from the date of posting.

* *for identification purposes only*

28th March 2001

LETTER FROM THE CHAIRMAN



SIIC MEDICAL SCIENCE AND TECHNOLOGY (GROUP) LIMITED

上海實業醫藥科技(集團)有限公司*

(Incorporated in the Cayman Islands with limited liability)

Executive Directors:

Zhuo Fu Min (*Chairman*)
Feng Gen Sheng (*Vice Chairman*)
Li Wei Da (*Managing Director*)
Chen Shu Zi (*Deputy Managing Director*)
Ge Wen Yao
Wu Jian Zhuang

Head Office:

10th Floor
Shanghai Industrial Investment Building
48-62 Hennessy Road
Wanchai
Hong Kong

Independent Non-executive Directors:

Kwok Chin Kung, Robert
Li Ka Cheung, Eric
Lee Ka Sze, Carmelo

28th March 2001

To Shareholders of the Company

Dear Sir or Madam,

**PROPOSED GENERAL MANDATES TO ISSUE SHARES
AND
TO REPURCHASE BY THE COMPANY OF ITS OWN SHARES**

INTRODUCTION

At a meeting of the Board of Directors held on 15th March 2001, the Directors announced the audited consolidated results of the Company and its subsidiaries (the “Group”) for the year ended 31st December 2000. It was also announced on 22nd March 2001 that at the Annual General Meeting, resolutions to grant to the Directors general mandates to issue shares of the Company (“Shares”) and to repurchase by the Company of its own Shares (“Repurchase Mandate”) will be proposed. The purpose of this document is to provide Shareholders with details of the proposed general mandates to be dealt with at the Annual General Meeting.

* for identification purposes only

LETTER FROM THE CHAIRMAN

GENERAL MANDATES

At the Annual General Meeting to be held on 26th April 2001 (Thursday) at 3:00 p.m., separate ordinary resolutions will be proposed to renew the general mandates given to the Directors (i) to allot, issue and otherwise deal with Shares not exceeding the aggregate of 20% of the aggregate nominal amount of the share capital of the Company in issue at the date of the passing of such resolution; (ii) to repurchase, inter alia, Shares of comprising the aggregate nominal amount of which does not exceed 10% of the aggregate nominal amount of the issued share capital of the Company at the date of passing of such resolution; and (iii) adding to such general mandate so granted to the Directors any Shares representing the aggregate nominal amount (up to a maximum of 10% of the aggregate nominal amount of the Company's then issued share capital) of any Shares repurchased by the Company.

Under the Rules Governing the Listing of Securities on Growth Enterprise Market of the Stock Exchange (the "GEM Listing Rules"), the general mandates granted on 8th May 2000 will lapse at the conclusion of the coming Annual General Meeting, unless renewed at the Annual General Meeting. Resolutions Nos. 5 and 6 in the Notice of Annual General Meeting will be proposed at the Annual General Meeting to renew these mandates. With reference to these resolutions, the Directors wish to state that they have no present intention to repurchase any Shares of the Company pursuant to the relevant mandates.

The explanatory statement, required by the GEM Listing Rules to be sent to Shareholders in connection with the proposed Repurchase Mandate is set out in the Appendix to this document. This contains all the information reasonably necessary to enable Shareholders of the Company to make an informed decision on whether to vote for or against the relevant resolutions.

ANNUAL GENERAL MEETING

A Notice of the Annual General Meeting to be held on 26th April 2001 has been despatched to Shareholders together with this document. At the Annual General Meeting, in addition to the ordinary business of the meeting, Resolutions Nos. 5 and 6 will be proposed to approve the general mandates for the issue of Shares and Repurchase Mandate as special businesses.

A copy of the 2000 Annual Report of the Company incorporating copies of the audited consolidated accounts of the Company for the year ended 31st December 2000 and the directors' and auditors' reports thereon has been despatched to Shareholders together with this document.

A form of proxy for the Annual General Meeting is enclosed with the 2000 Annual Report of the Company. Whether or not you intend to be present at the Annual General Meeting, you are requested to complete the form of proxy and return it to the Head Office of the Company at 10th Floor, Shanghai Industrial Investment Building, 48-62 Hennessy Road,

LETTER FROM THE CHAIRMAN

Wanchai, Hong Kong in accordance with the instructions printed thereon not less than 48 hours before the time fixed for the meeting. The completion of a form of proxy will not preclude you from attending and voting at the meeting in person.

RECOMMENDATION

The Board of Directors is of the opinion that the proposals referred to above are in the best interests of the Company and therefore recommend you to vote in favour of the relevant resolutions to be proposed at the Annual General Meeting. The Board of Directors has indicated that the votes attaching to the Shares owned by them will be cast in favour of the resolutions regarding the resolutions to be proposed as special businesses at the Annual General Meeting.

Yours faithfully,

A handwritten signature in black ink, consisting of three Chinese characters: 卓, 福, and 民. The characters are written in a cursive, calligraphic style.

Zhuo Fu Min
Chairman

This is an explanatory statement given to all Shareholders of the Company relating to a resolution to be proposed at the forthcoming Annual General Meeting authorising the Repurchase Mandate.

This explanatory statement contains all the information required pursuant to Rule 13.08 and other relevant provisions of the GEM Listing Rules which is set out as follows:

1. REGULATIONS OF THE GEM LISTING RULES

(a) Shareholders' approval

All repurchases of securities on Growth Enterprise Market ("GEM") by a company with its primary listing on GEM must be approved in advance by an ordinary resolution, either by way of general mandate or by specific approval in relation to specific transactions.

(b) Source of funds

Any repurchases must be financed out of funds legally available for the purpose in accordance with the memorandum and articles of association of the Company and the applicable laws of the Cayman Islands.

(c) Trading restrictions

A company is authorised to repurchase on GEM or on any other stock exchange recognised by the Securities and Futures Commission in Hong Kong and the Stock Exchange the total number of shares which represent up to a maximum of 10% of the aggregate nominal value of the existing issued share capital of that company or warrants to subscribe for shares in the company representing up to 10% of the amount of warrants then outstanding at the date of the passing of the relevant resolution granting the repurchase mandate. A company may not issue or announce an issue of new securities of the type that have been repurchased for a period of 30 days immediately following a repurchase of securities whether on GEM or otherwise (except pursuant to the exercise of warrants, share options or similar instruments requiring the company to issue securities which were outstanding prior to the repurchase) without the prior approval of the Stock Exchange. A company is also prohibited from making securities repurchases on GEM if the result of the repurchases would be that the number of the listed securities in public hands would be below the relevant prescribed minimum percentage for that company as determined by the Stock Exchange. A company may only purchase shares on GEM if (1) the purchase price is not higher than the latest (or current) independent bid price or the last independent sale (contract) price quoted or reported on the system (as defined in the Rules of the Stock Exchange), whichever is higher; and (2) the company has not made the opening bid nor any bid in the last 30 minutes before the close of normal trading hours as stipulated in the Rules of the Stock Exchange.

(d) Status of repurchased securities

The listing of all repurchased securities (whether on the Stock Exchange or otherwise) is automatically cancelled and the relevant certificates must be cancelled and destroyed. Under Cayman Islands law, a company's repurchased shares shall be treated as cancelled and the amount of the company's issued share capital shall be reduced by the aggregate nominal value of the repurchased shares accordingly although the authorised share capital of the company will not be reduced.

(e) Suspension of repurchase

Any securities repurchase programme is required to be suspended after a price-sensitive development has occurred or has been the subject of directors' decision until the price-sensitive information is made publicly available. In particular, during the period of one month immediately preceding either the preliminary announcement of a company's annual results or the publication of the company's half-year report or a quarterly report, a company may not purchase its securities on GEM unless the circumstances are exceptional. In addition, the Stock Exchange may prohibit repurchases of securities on GEM if a company has breached the GEM Listing Rules.

(f) Reporting requirements

Repurchases of securities on GEM or otherwise must be reported to the Stock Exchange not later than 9:30 a.m. (Hong Kong time) on the following business day. In addition, a company's annual report and accounts are required to include a monthly breakdown of securities repurchases made during the financial year under review, showing the number of securities repurchased each month (whether on GEM or otherwise), the purchase price per share or the highest and lowest prices paid for all such repurchases and the total prices paid. The directors' report is also required to contain reference to the purchases made during the year and the directors' reasons for making such purchases. The company shall make arrangements with its broker who effects the purchase to provide the company in a timely fashion the necessary information in relation to the purchase made on behalf of the company to enable the company to report to the Stock Exchange.

(g) Connected parties

Under the GEM Listing Rules, a company shall not knowingly purchase shares from a connected person (as defined under the GEM Listing Rules) and a connected person shall not knowingly sell his shares to the company. As at the Latest Practicable Date and to the best of the knowledge of the Directors having made all reasonable enquiries, none of the Directors or their associates has a present intention to sell Shares to the Company.

2. EXERCISE OF THE REPURCHASE MANDATE

Exercise in full of the Repurchase Mandate, on the basis of 620,000,000 Shares of the Company (“Shares”) in issue as at 28th March 2001 (being the Latest Practicable Date prior to the printing of this document), could result in up to 62,000,000 Shares being repurchased by the Company during the period up to (i) the conclusion of the next annual general meeting of the Company; (ii) the expiration of the period within which the next annual general meeting of the Company is required by the articles of association of the Company or the Companies Law or any other applicable laws of the Cayman Islands to be held; or (iii) the revocation, variation or renewal of the repurchase mandate by ordinary resolution of the shareholders of the Company in general meeting, whichever occurs first.

3. REASONS FOR REPURCHASES

Repurchases of Shares will only be made when the Directors believe that such a repurchase will benefit the Company and its members. Such repurchases may, depending on market conditions and funding arrangements at the time, lead to an enhancement of the net asset value of the Company and/or its earnings per Share.

4. FUNDING OF REPURCHASES

In repurchasing Shares, the Company may only apply funds legally available for such purpose in accordance with its memorandum and articles of association and the applicable laws and regulations of the Cayman Islands. The Company may not purchase securities on GEM for a consideration other than cash or for settlement otherwise than in accordance with the trading rules of the Stock Exchange from time to time.

5. GENERAL

There might be a material adverse impact on the working capital or gearing position of the Company in the event that the Repurchase Mandate is exercised in full. However, the Directors do not propose to exercise the Repurchase Mandate to such extent as would, in the circumstances, have a material adverse effect on the working capital requirements of the Company or on its gearing levels which in the opinion of the Directors are from time to time appropriate for the Company.

6. UNDERTAKING

The Directors have undertaken to the Stock Exchange that, so far as the same may be applicable, they will exercise the Repurchase Mandate in accordance with the GEM Listing Rules, the memorandum and the articles of association of the Company and the applicable laws of the Cayman Islands.

No connected person (as defined in the GEM Listing Rules) of the Company has notified the Company that he has a present intention to sell Shares to the Company or has undertaken not to do so.

7. TAKEOVER CODE

If as a result of a repurchase of Shares, a shareholder's proportionate interest in the voting rights of the Company increases, such increase will be treated as an acquisition for the purpose of the Hong Kong Code on Takeovers and Mergers (the "Takeovers Code"). As a result, a shareholder, or a group of shareholders acting in concert, depending on the level of increase in the shareholder's interests, could obtain or consolidate control of the Company and become(s) obliged to make a mandatory offer in accordance with Rule 26 of the Takeovers Code.

As at 28th March 2001, the latest practicable date prior to the printing of this document, Central Force Investments Limited, which is a substantial shareholder of the Company, held approximately 60% of the Shares issued by the Company. In the event that the Directors exercised in full the power to repurchase Shares of the Company in accordance with the terms of the ordinary resolution to be proposed at the Annual General Meeting, the total interests of Central Force Investments Limited in the Shares of the Company would be increased to approximately 66.7% of the issued Shares of the Company and Central Force Investments Limited will not be obliged to make a mandatory offer under Rule 26 of the Takeovers Code in this respect.

In fact, the Directors do not intend to exercise in full the power to repurchase Shares of the Company.

8. SHARE PURCHASE MADE BY THE COMPANY

The Company has not repurchased any Shares, whether on the Stock Exchange or otherwise, during the previous six months.

9. DIRECTORS AND THEIR ASSOCIATES

None of the Directors nor, to the best of their knowledge and belief having made all reasonable enquiries, any of their associate (as defined in the GEM Listing Rules), has any present intention, in the event that the Repurchase Mandate is approved by Shareholders, to sell Shares to the Company.

10. CONNECTED PERSON

No connected person (as defined in the GEM Listing Rules) has notified the Company that he has a present intention to sell Shares to the Company, or has undertaken not to do so, in the event that the Repurchase Mandate is approved by Shareholders of the Company.

11. SHARE PRICES

The highest and lowest prices at which the Shares have traded on GEM during each of the previous twelve months were as follows:

	Shares	
	Highest	Lowest
	<i>HK\$</i>	<i>HK\$</i>
2000		
March	2.475	1.730
April	2.025	1.630
May	1.830	1.560
June	1.730	1.590
July	1.710	1.520
August	1.890	1.540
September	1.700	1.490
October	1.510	1.230
November	1.520	1.200
December	1.390	1.210
2001		
January	1.310	1.180
February	1.590	1.230

12. PROXY

A form of proxy for use at the Annual General Meeting is enclosed with the 2000 Annual Report which has been despatched to Shareholders together with this document. Whether or not they intend to attend the meeting, Shareholders are requested to complete and return the form of proxy to the registered office of the Company in Hong Kong as soon as possible and in any event not less than 48 hours before the time appointed for the holding of the meeting. Completion and return of the form of proxy will not preclude Shareholders from attending and voting in person at the Annual General Meeting should Shareholders so desire.



SIIC MEDICAL SCIENCE AND TECHNOLOGY (GROUP) LIMITED

上海實業醫藥科技(集團)有限公司*

(Incorporated in the Cayman Islands with limited liability)

Form of Proxy for use at the Annual General Meeting (or any adjournment thereof)

I/We¹ _____
of _____
being the registered holder(s) of² _____ Shares
of HK\$0.10 each of abovenamed Company **HEREBY APPOINT**³ _____
of _____

or failing him, the chairman of the meeting as my/our proxy, to attend and vote for me/us and on my/our behalf at the Annual General Meeting (or any adjournment thereof) of the Company to be held at 26th Floor, Harcourt House, 39 Gloucester Road, Wanchai, Hong Kong on 26th April 2001 (Thursday) at 3:00 p.m. for the purpose of considering and, if thought it, passing the ordinary resolutions set out in the notice convening such meeting and at such meeting (or any adjournment thereof) to vote for me/us in my/our name(s) in respect of the said resolutions as hereunder indicated or, if no such indication is given, as my/our proxy thinks fit.

	FOR ⁴	AGAINST ⁴
1. To receive and consider the Audited Financial Statements and the Reports of the Directors and of the Auditors for the year ended 31st December 2000;		
2. To declare a final dividend for the year ended 31st December 2000;		
3. (a) To re-elect directors:		
(i) To re-elect Mr. Ge Wen Yao as a director;		
(ii) To re-elect Mr. Wu Jian Zhuang as a director;		
(iii) To re-elect Mr. Li Ka Cheung, Eric as a director;		
(b) To authorise the directors to fix their remuneration;		
4. To re-appoint Messrs. Deloitte Touche Tohmatsu as the Company's auditors and to authorise the directors to fix their remuneration;		
5. Ordinary Resolution on item 5 of the Notice of Annual General Meeting (To grant a general mandate to the directors to allot and issue new shares);		
6. Ordinary Resolution on item 6 of the Notice of Annual General Meeting (To grant a general mandate to the directors to repurchase shares of the Company); and		
7. Ordinary Resolution on item 7 of the Notice of Annual General Meeting (To extend the general mandate to the directors to issue new shares).		

Dated this _____ day of _____ 2001 Signature⁵ _____

Notes:

- Full name(s) and address(es) to be inserted in **BLOCK CAPITALS**.
- Please insert the number of Shares of HK\$0.10 each registered in your name(s). If no number is inserted, this form of proxy will be deemed to relate to all the Shares of the Company registered in your name(s).
- Please insert the name and address of the proxy desired. **IF NO NAME IS INSERTED, THE CHAIRMAN OF THE MEETING WILL ACT AS YOUR PROXY.** The proxy need not be a member of the Company but must attend the meeting in person to represent you. **ANY ALTERATION MADE TO THIS FORM OF PROXY MUST BE INITIALED BY THE PERSON WHO SIGNS IT.**
- IMPORTANT: IF YOU WISH TO VOTE FOR A RESOLUTION, PUT A TICK IN THE BOX MARKED "FOR". IF YOU WISH TO VOTE AGAINST A RESOLUTION, PUT A TICK IN THE BOX MARKED "AGAINST".** Failure to do so will entitle your proxy to cast his vote at his discretion. Your proxy will also be entitled to vote at his discretion on any amendment to the resolutions referred to in the notice convening the meeting which has been properly put to the meeting.
- This form of proxy must be signed by you or your attorney duly authorised in writing or, in the case of a corporation, must be signed under the hand of an officer duly authorised on that behalf together with a company chop.
- In the case of joint holders the vote of the senior who tenders a vote, whether in person or by proxy, will be accepted to the exclusion of the votes of the other joint holder(s), and for this purpose seniority will be determined by the order in which the names stand in the register of members.
- To be valid, this form of proxy, together with any power of attorney or other authority (if any) under which it is signed, or a notorially certified copy of such power of authority must be deposited at the Head Office of the Company at 10th Floor, Shanghai Industrial Investment Building, 48-62 Hennessy Road, Wanchai, Hong Kong not less than 48 hours before the time appointed for the holding of the meeting or the adjourned meeting (as the case may be).
- Completion and delivery of the form of proxy will not preclude you from attending and voting at the meeting if you so wish.

* for identification purposes only