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**上海實業醫藥科技(集團)有限公司\***

**SIIC MEDICAL SCIENCE AND TECHNOLOGY (GROUP) LTD.**

*(Incorporated in the Cayman Islands with limited liability)*

## **CONNECTED TRANSACTION ACQUISITION OF INTEREST IN E-COM TECHNOLOGY**

### **SUMMARY**

The Board of Directors announces that on 29th May 2002, SIMST, a wholly-owned subsidiary of the Company and SITVC have entered into a Share Transfer Agreement, under which, SIMST agrees to acquire a 13.35% interest in E-COM Technology from SITVC at a consideration of RMB9.5 million.

As SITVC is a wholly-owned subsidiary of Shanghai Industrial, a controlling shareholder of the Company, SITVC is a connected person to the Company under the GEM Listing Rules. Hence, the signing of the Share Transfer Agreement constitutes a connected transaction of the Company under Chapter 20 of the GEM Listing Rules. However, as the consideration for the transaction is less than 3% of the net tangible assets of the Company, no independent shareholders' approval is required. Details of the Share Transfer Agreement will be included in the Company's next annual report in accordance with Rules 20.34 of the GEM Listing Rules.

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### **SHARE TRANSFER AGREEMENT**

Date : 29th May 2002

Transferor : SITVC

Transferee : SIMST

Interest to be acquired : a 13.35% interest in E-COM Technology

## **INFORMATION ON E-COM TECHNOLOGY**

E-COM Technology is a domestic company established on 14th March 1997 under the laws of the PRC with limited liability. E-COM Technology is a high-tech company which develops, manufactures and markets medical graphics and medical information systems, including DR, PACS and RIS. E-COM Technology has obtained the patent registration certificates of computer software for its PACS and RIS clinical systems workshops in the PRC. According to the PRC accounting standards, the audited net assets of E-COM Technology as at 31st December 2000 and 2001 are RMB7,001,636.52 (equivalent to approximately HK\$6,543,586) and RMB18,485,232.18 (equivalent to approximately HK\$17,275,918) respectively and the audited loss attributable to shareholders for the years ended 31st December 2000 and 2001 amounted to RMB1,194,053.34 (equivalent to approximately HK\$1,115,938) and RMB913,454.34 (equivalent to approximately HK\$853,696) respectively.

## **CONSIDERATION**

The consideration for the Acquisition is RMB9.5 million which shall be payable in cash within 7 working days upon the completion of all necessary government registration and approval procedures in respect of the Share Transfer Agreement. The consideration for the Acquisition is at arm's length and on normal commercial terms and is determined with reference to the fact that the 4.45% interest currently owned by one of the shareholders of E-COM Technology was acquired from a former shareholder, being an independent third party and not connected with such existing shareholder, in March 2001 at a consideration of RMB3,000,000 and that the net assets of E-COM Technology have been increased to RMB18,485,232.18 (equivalent to approximately HK\$17,275,918) and the loss attributable to shareholders has been reduced to RMB913,454.34 (equivalent to approximately HK\$853,696) in 2001. The 13.35% interest in E-COM Technology was acquired by SITVC in January 2000 at a consideration of RMB3,000,000. The Directors, including the independent non-executive Directors consider the consideration for the Acquisition to be fair and reasonable and the Acquisition is in the interests of the Company so far as the shareholders are concerned.

## **REASONS FOR THE ACQUISITION**

Prior to the signing of the Share Transfer Agreement, SIMST is already a shareholder of E-COM Technology holding an 11% interest. The Company wishes to increase its shareholdings because it considers that using digital medical equipment and digital technology is the trend in medical equipment market. E-COM Technology is engaged in the development and provision of medical graphics and medical information systems. Its digital X-ray system and medical image storing and transmission technology are competitive in the market. Upon the completion of the Acquisition, SIMST will become the largest shareholder in E-COM Technology holding altogether a 24.35% interest. The rest of the other shareholders, being five individuals holding a 23.14%, 16.02%, 20.77%, 8.9% and 2.37% interest respectively and a PRC domestic company holding a 4.45% interest, are independent third parties of and not connected with any of the Directors, chief executive or substantial shareholders of the Company or subsidiaries of the Company or any their respective associates. Presently, E-COM Technology has five directors, of which one is nominated by the Company. The composition of the board of directors of E-COM Technology may or may not be changed subject to the decision of the shareholders of E-COM Technology.

## **GENERAL**

The Company is engaged in the manufacturing and sale of Chinese pharmaceutical products and medical care business, such as telemedicine business, development and production of high technology medical equipment. As SITVC is a wholly-owned subsidiary of Shanghai Industrial, a controlling shareholder of the Company holding approximately 64.3% interest, SITVC is a connected person to

the Company under the GEM Listing Rules. Hence, the signing of the Share Transfer Agreement constitutes a connected transaction of the Company under Chapter 20 of the GEM Listing Rules. However, as the consideration for the transaction is less than 3% of the net tangible assets of the Company, no independent shareholders' approval is required. Details of the Share Transfer Agreement will be included in the Company's next annual report in accordance with Rules 20.34 of the GEM Listing Rules.

## DEFINITIONS

|                            |  |
|----------------------------|--|
| “Acquisition”              | the acquisition of a 13.35% interest in E-COM Technology from SITVC at a consideration of RMB9.5 million by SIMST;   |
| “Company”                  | SIIC Medical Science and Technology (Group) Limited, a company incorporated in the Cayman Islands, the shares of which are listed on GEM;  |
| “DICOM”                    | Digital Imaging and Communication in Medicine, is an application layer network protocol for the transmission of medical images, waveforms, and ancillary information;  |
| “DR”                       | Digital Radiography, a digital X-ray radiography system;   |
| “Directors”                | the directors of the Company;  |
| “E-COM Technology”         | E-COM Technology Limited, a domestic company established on 14th March 1997 under the laws of the People's Republic of China with limited liability;   |
| “GEM”                      | the Growth Enterprise Market of the Stock Exchange;  |
| “GEM Listing Rules”        | the Rules Governing the Listing of Securities on GEM;  |
| “HL7”                      | Health Level Seven, a comprehensive model being developed to satisfy the information needs of creating and maintaining interoperable messages and documents in health care;  |
| “PACS”                     | Picture Archive and Communication System, a medical image and information system that compliant with DICOM and HL7 for managing, archiving and visualising radiological images produced in the radiological care unit; |
| “RIS”                      | Radiology Information System, a radiography information system that conforms to DICOM and HL7 for managing, administrative and clinical information;   |
| “RMB”                      | Renminbi;  |
| “Share Transfer Agreement” | a share transfer agreement entered into between SIMST and SITVC on 29th May 2002 in relation to the Acquisition;   |

|                           |  |
|---------------------------|--|
| “Shanghai Industrial”     | Shanghai Industrial Holdings Limited, a company incorporated in Hong Kong with limited liability, the share capital of which is listed on the Main Board of the Stock Exchange, and is an intermediate holding company of the Company; |
| “SIMST”                   | SIMST eMedical Network Limited, a wholly-owned subsidiary of the Company;  |
| “SITVC”                   | S. I. Technology Venture Capital Limited, a wholly-owned subsidiary of Shanghai Industrial;  |
| “Stock Exchange”          | The Stock Exchange of Hong Kong Limited; and   |
| “Substantial Shareholder” | has the same meaning as defined in the GEM Listing Rules.  |

By Order of the Board  
**Wong Mei Ling, Marina**  
*Company Secretary*

Hong Kong, 29th May 2002

*The Directors collectively and individually accept full responsibility for this announcement 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 the announcement 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 announcement have been arrived at after due and careful consideration on the basis and assumptions of reasonableness and fairness.*

*\* for identification purposes only.*

*This announcement will remain on the GEM website on the “Latest Company Announcements” pages for at least 7 days from the day of its posting.*