
THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

If you are in any doubt as to any aspect of this circular or as to the action to be taken, you should consult 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.

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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)

PROPOSED GENERAL MANDATES TO ISSUE SHARES

AND

TO REPURCHASE BY THE COMPANY OF ITS OWN SHARES

This circular, for which the directors of the issuer collectively and individually accept full responsibility, includes particulars given in compliance with the Rules Governing the Listing of Securities on the Growth Enterprise Market of the Stock Exchange for the purpose of giving information with regard to the issuer. The directors, having made all reasonable enquiries, confirm that, to the best of their knowledge and belief: (i) the information contained in this circular is accurate and complete in all material respects and not misleading; (ii) there are no other matters the omission of which would make any statement in this circular misleading; and (iii) all opinions expressed in this circular have been arrived at after due and careful consideration and are founded on bases and assumptions that are fair and reasonable.

This circular will remain on the GEM website on the "Latest Company Announcements" page for a minimum period of 7 days from the date of publication.

CHARACTERISTICS OF GEM

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 these companies operate. Prospective investors should be aware of the potential risks of investing in such companies and should make the decision to invest only after due and careful consideration. The greater risk profile and other characteristics of GEM mean that it is a market more suited to professional and other sophisticated investors.

Given the emerging nature of companies listed on GEM, there is a risk that securities traded on GEM may be more susceptible to high market volatility than securities traded on the Main Board and no assurance is given that there will be a liquid market in the securities traded on GEM.

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

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DEFINITIONS

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

“AGM”	the Annual General Meeting of the Company to be held at the Conference Room, 26th Floor, Harcourt House, 39 Gloucester Road, Wanchai, Hong Kong on Friday, 9th May 2003 at 11:00 a.m.;
“CFI”	Central Force Investments Limited, a company incorporated in the British Virgin Islands with limited liability;
“Company”	SIIC Medical Science and Technology (Group) Limited, a company incorporated in the Cayman Islands with limited liability, the Shares of which are listed on GEM;
“Directors”	the directors of the Company for the time being;
“GEM”	the Growth Enterprise Market of the Stock Exchange;
“GEM Listing Rules”	the Rules Governing the Listing of Securities on the Growth Enterprise Market of the Stock Exchange;
“Group”	the Company, its Subsidiaries, its associated companies, its jointly controlled entities or its related companies;
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China;
“Latest Practicable Date”	27th March 2003, being the latest practicable date prior to the printing of this circular for ascertaining certain information contained herein;
“NEL”	Nanyang Enterprises Limited, a company incorporated in Hong Kong with limited liability;
“NEPL”	Nanyang Enterprises Property Limited, a company incorporated in Hong Kong with limited liability;
“Repurchase Mandate”	a general mandate to the Directors to exercise the power of the Company to repurchase Shares during the period as set out in Ordinary Resolution no.5 up to 10 per cent. of the issued share capital of the Company as at the date of passing Ordinary Resolution no.5;
“Share(s)”	share(s) of HK\$0.10 each in the capital of the Company (or of such other nominal amount as shall result from a sub-division, consolidation, reclassification or reconstruction of the share capital of the Company from time to time);
“Share Issue Mandate”	a general mandate to the Directors to exercise the power of the Company to allot, issue and deal with Shares during the period as set out in Ordinary Resolution no.6 up to 20 per cent. of the issued share capital of the Company as at the date of passing Ordinary Resolution no.6;

DEFINITIONS

“SIH”	Shanghai Investment Holdings Limited, a company incorporated in the British Virgin Islands with limited liability;
“SIHL”	Shanghai Industrial Holdings Limited, a company incorporated in Hong Kong with limited liability, the shares of which are listed on Main Board of the Stock Exchange;
“SIHL Treasury”	SIHL Treasury Limited, a company incorporated in Hong Kong with limited liability;
“SIIH”	S.I. Infrastructure Holdings Limited, a company incorporated in the British Virgin Islands with limited liability;
“SIIC”	Shanghai Industrial Investment (Holdings) Company Limited, a company incorporated in Hong Kong with limited liability;
“STC”	Shanghai Industrial Investment Treasury Company Limited, a company incorporated in the British Virgin Islands with limited liability;
“Stock Exchange”	The Stock Exchange of Hong Kong Limited;
“Takeovers Code”	Hong Kong Codes on Takeovers and Mergers; and
“HK\$”	Hong Kong dollars.

LETTER FROM THE CHAIRMAN



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)

Executive Directors:

Lu Ming Fang (*Chairman*)
Feng Gen Sheng (*Vice Chairman*)
Li Wei Da (*Vice Chairman*)
Zhou Jie (*Managing Director*)
Chen Shu Zi (*Deputy Managing Director*)
Shen Wei Jia (*Deputy Managing Director*)
Ge Wen Yao
Wu Jian Zhuang

Head Office:

26th Floor
Harcourt House
39 Gloucester Road
Wanchai
Hong Kong

Independent Non-Executive Directors:

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

Registered Office:

P.O. Box 309, Uglund House
South Church Street, George Town
Grand Cayman, Cayman Islands
British West Indies

27th March 2003

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

1. INTRODUCTION

At a meeting of the Board of Directors held on 18th March 2003, the Directors announced the audited consolidated results of the Group for the year ended 31st December 2002. It was also announced on the same day that at the AGM, resolutions to grant the Directors general mandates to issue Shares and to repurchase Shares will be proposed.

**for identification purpose only*

LETTER FROM THE CHAIRMAN

At the extraordinary general meeting of the Company held on 6th May 2002, resolutions were passed giving general mandates to the Directors, to allot, issue and deal with Shares and to exercise the powers of the Company to repurchase its own Shares in accordance with the GEM Listing Rules. These general mandates will lapse at the conclusion of the coming AGM. It is therefore proposed to renew the general mandates to issue, allot and deal with Shares and to repurchase Shares at the AGM.

The purpose of this circular is to provide you with information regarding the proposed renewal of the general mandates to allot, issue and deal with Shares and to repurchase Shares and to seek your approval of the Ordinary Resolutions relating to these matters at the AGM.

2. GENERAL MANDATE TO REPURCHASE SHARES

An ordinary resolution will be proposed at the AGM to grant to the Directors the Repurchase Mandate, details of which are set out in Ordinary Resolution no.5 in the AGM Notice. The Shares which may be repurchased pursuant to the Repurchase Mandate is up to 10 per cent. of the issued share capital of the Company at the date of passing of the resolution approving the Repurchase Mandate.

An explanatory statement as required under the GEM Listing Rules, giving certain information regarding the Repurchase Mandate, is set out in the Appendix hereto.

3. GENERAL MANDATE TO ISSUE SHARES

An ordinary resolution will be proposed at the AGM to grant to the Directors the Share Issue Mandate. In addition, an ordinary resolution will also be proposed to authorise an extension of the Share Issue Mandate by adding to the aggregate number of Shares which may be allotted or agreed conditionally or unconditionally to be allotted by the Directors pursuant to the Share Issue Mandate the number of Shares purchased under the Repurchase Mandate, if granted.

Details of the Share Issue Mandate and the extension of the Share Issue Mandate are set out in Ordinary Resolutions no.6 and no.7 in the AGM Notice.

4. ANNUAL GENERAL MEETING

Set out on pages 82 to 84 of the 2002 Annual Report is the AGM Notice at which the Ordinary Resolutions will be proposed to approve the Repurchase Mandate, the Share Issue Mandate and the extension of the Share Issue Mandate.

5. ANNUAL REPORT

A copy of the 2002 Annual Report of the Company incorporating copies of the audited consolidated accounts of the Company for the year ended 31st December 2002 and the directors' and auditors' reports thereon has been dispatched to Shareholders together with this circular.

LETTER FROM THE CHAIRMAN

6. ACTION TO BE TAKEN

A form of proxy for use at the AGM is enclosed with the 2002 Annual Report of the Company. Whether or not you intend to be present at the AGM, you are requested to complete the form of proxy and return it to the head office of the Company at 26th Floor, Harcourt House, 39 Gloucester Road, Wanchai, Hong Kong in accordance with the instructions printed thereon not less than 48 hours before the time fixed for holding the AGM.

7. RECOMMENDATION

The Directors believe that the Repurchase Mandate, the Share Issue Mandate, and the extension of the Share Issue Mandate are all in the best interests of the Company as well as its shareholders. Accordingly, the Directors recommend that all shareholders of the Company should vote in favour of all the Ordinary Resolutions as set out in the AGM Notice.

Yours faithfully,
By Order of the Board



Lu Ming Fang
Chairman

This is an explanatory statement given to all shareholders of the Company relating to a resolution to be proposed at the forthcoming AGM 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 repurchase of securities on 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 per cent. 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 per cent. 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 director's 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 the Latest Practicable Date, 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. TAKEOVERS 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 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 interest, could obtain or consolidated control of the Company and become(s) obliged to make a mandatory offer in accordance with Rules 26 and 32 of the Takeovers Code.

As at the Latest Practicable Date, the register kept by the Company under Section 16(1) of the Securities (Disclosure of Interests) Ordinance showed that the following parties are interested in 10 per cent. or more of the nominal value of the Shares:

Name of shareholder	Number of ordinary shares beneficially held
SIIC (<i>note</i>)	403,573,000
STC (<i>note</i>)	398,618,000
SIH (<i>note</i>)	398,618,000
SIHL (<i>note</i>)	398,618,000
CFI	372,000,000

Note: SIIH and SIHL Treasury are the beneficial owners of 4,261,000 and 3,238,000 Shares respectively. SIIH, SIHL Treasury and CFI are wholly owned subsidiaries of SIHL, which is, in turn, a subsidiary of SIH. STC owns 100% of SIH. SIIC owns 100% of STC. Accordingly, SIIC are deemed by the SDI Ordinance to be interested in the Shares beneficially owned by STC, SIH, SIHL, SIIH, SIHL Treasury and CFI as listed above.

NEL and NPL are the beneficial owners of 4,537,000 and 424,000 Shares respectively. SIIC owns 100% of NEL, NPL and STC. Accordingly, SIIC is deemed by the SDI Ordinance to be interested in the Shares beneficially owned by NEL, NPL and STC.

SIIC is a substantial shareholder and the ultimate holding company of the Company, held approximately 65.1 per cent. 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 AGM, the total interests of SIIC in the Shares of the Company would be increased to approximately 72.3 per cent. of the issued Shares of the Company and SIIC will not be obliged to make a mandatory offer under Rule 26 of the Takeovers Code in this respect. According the GEM Listing Rules, the minimum prescribed percentage of Shares to be in public hands is 20 per cent.

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

8. SHARE REPURCHASE 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

As at the Latest Practicable Date, 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 PRICE

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

	Highest	Shares	Lowest
	<i>HK\$</i>		<i>HK\$</i>
2002			
March	1.960		1.700
April	2.075		1.850
May	2.250		1.970
June	2.150		1.790
July	2.025		1.600
August	1.790		1.540
September	1.590		1.400
October	1.450		1.210
November	1.530		1.300
December	1.430		1.300
2003			
January	1.580		1.320
February	1.660		1.510