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**上海實業控股有限公司**  
SHANGHAI INDUSTRIAL HOLDINGS LIMITED  
(Incorporated in Hong Kong with limited liability)

**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)

**JOINT ANNOUNCEMENT  
PROPOSED PRIVATISATION OF  
SIIC MEDICAL SCIENCE AND TECHNOLOGY (GROUP) LIMITED BY  
SHANGHAI INDUSTRIAL HOLDINGS LIMITED  
BY WAY OF A SCHEME OF ARRANGEMENT  
DESPATCH OF SCHEME DOCUMENT**

**Financial Adviser to Shanghai Industrial Holdings Limited  
BNP PARIBAS PEREGRINE CAPITAL LIMITED**

The Scheme Document is expected to be despatched to the Shareholders on Friday, 18th July 2003.

The respective notices of the Court Meeting and the Extraordinary General Meeting to be held on Monday, 11th August 2003 are set out in the Scheme Document.

Independent Shareholders should consider carefully the recommendation of the Independent Board Committee and the factors, reasons and recommendation in relation to the Proposal as set out in the letter from ING, the independent financial adviser to the Independent Board Committee, before making a decision on the Proposal.

**Shareholders and potential investors are reminded that the Proposal is subject to a number of conditions being fulfilled or waived, as applicable, and therefore may or may not become effective.** Subject to all the conditions of the Proposal being fulfilled or waived, as applicable, the Scheme is expected to become effective on Tuesday, 16th September 2003. Details of these conditions are set out in the Scheme Document. The Scheme will lapse if it does not become effective on or before 30th September 2003 (or such later date as SIHL and SIIC MedTech may agree or, to the extent applicable, as the Grand Court may direct) and the Shareholders will be notified accordingly by press announcements and also by an announcement published on the GEM website.

**Shareholders and potential investors are advised to exercise extreme caution when dealing in the Shares.**

## **INTRODUCTION**

Reference is made to the joint announcements made by Shanghai Industrial Holdings Limited (“SIHL”) and SIIC Medical Science and Technology (Group) Limited (“SIIC MedTech”) dated 21st May 2003 and 11th June 2003, respectively (the “Announcements”). Terms defined in the Announcements have the same meaning when used in this announcement unless otherwise defined herein.

## **DESPATCH OF THE SCHEME DOCUMENT**

The document containing details of the Scheme of SIIC MedTech under Section 86 of the Companies Law (“Scheme Document”) is expected to be despatched to the Shareholders on Friday, 18th July 2003.

The Scheme Document contains, among other things, further details about the Proposal and the Scheme, the expected timetable, the explanatory statement required under the Rules of the Grand Court, information regarding the SIIC MedTech Group, the letters from the independent board committee of SIIC MedTech (“Independent Board Committee”) and the independent financial adviser to the Independent Board Committee referred to below, a notice of the Court Meeting and a notice of the extraordinary general meeting of SIIC MedTech (“Extraordinary General Meeting”).

## **RECOMMENDATION OF THE INDEPENDENT BOARD COMMITTEE AND ING**

The Independent Board Committee comprising Mr. Kwok Chin Kung, Robert and Mr. Li Ka Cheung, Eric, both of them are independent non-executive directors of SIIC MedTech, was appointed by the Board to advise the Independent Shareholders in relation to the Proposal. ING Bank N.V. (“ING”) has been appointed by SIIC MedTech as the independent financial adviser to advise the Independent Board Committee in connection with the Proposal. The Scheme Document contains, among other things, a letter from ING giving its advice and recommendation to the Independent Board Committee on the Proposal.

Independent Shareholders should consider carefully the recommendation of the Independent Board Committee and the factors, reasons and recommendation in relation to the Proposal as set out in the letter from ING before making a decision on the Proposal.

Actions to be taken by the Shareholders are set out in the Scheme Document.

## FINANCIAL INFORMATION RELATING TO THE SIIC MEDTECH GROUP

Set out below is a statement of the adjusted unaudited consolidated net tangible assets value of the SIIC MedTech Group (“Adjusted Consolidated NTAV”), which has been calculated based on the consolidated net tangible assets value (“NTAV”) of the SIIC MedTech Group as at 31st December 2002 and adjusted as follows:

	<i>HK\$'000</i>
Consolidated NTAV of the SIIC MedTech Group as at 31st December 2002 ( <i>Note</i> )	762,137
Adjustments:	
Less: Final dividend of HK\$0.04 per Share paid out	(24,800)
Add: Attributable profit for the three months ended 31st March 2003	21,067
Goodwill amortization for the three months ended 31st March 2003	623
Exercise of share options	676
Adjusted Consolidated NTAV	<u>759,703</u>
	<i>HK\$</i>

Adjusted Consolidated NTAV per Share (based on 620,400,000 Shares in issue as at 15th July 2003 (being the latest practicable date for the purpose of ascertaining certain information in the Scheme Document) (“Latest Practicable Date”))

1.22

*Note:* The consolidated NTAV was arrived at after deducting goodwill of HK\$48,022,000 from the audited consolidated net asset value of HK\$810,159,000 as stated in SIIC MedTech’s annual report for the year ended 31st December 2002. The exclusion of goodwill, being intangible asset of SIIC MedTech, is mainly for the computation of consolidated NTAV.

Additional financial information on SIIC MedTech including analysis of its historical financial performance, market trading performance of the Shares, liquidity, indicative valuation benchmarks, comparison to past privatisation transactions, net asset value, dividend and prospect of an alternative offer is contained in the letter from ING which is set out in the Scheme Document.

On 17th July 2003, SIIC MedTech announced that a meeting of the board of directors of SIIC MedTech will be held on 29th July 2003 to consider and approve the unaudited half-year results of the SIIC MedTech Group for the six months ended 30th June 2003.

## INDEBTEDNESS

At the close of business on 30th April 2003, being the latest practicable date for the purpose of the indebtedness statement in the Scheme Document, the SIIC MedTech Group had outstanding borrowings of approximately HK\$4.6 million, of which a bank borrowing of approximately HK\$1.9 million was secured by plants and machinery with carrying value of approximately HK\$3.8 million. The remaining unsecured borrowings comprised a loan from a minority shareholder of approximately HK\$1.9 million which carried interest at commercial rate and an interest free advance from an intermediate holding company of approximately HK\$0.8 million.

In addition, at 30th April 2003, the SIIC MedTech Group pledged a bank deposit of approximately HK\$10.2 million to a bank in order to secure facilities granted to a jointly controlled entity.

Save as aforesaid and apart from intra-group liabilities and normal trade payables in the ordinary course of the business of the SIIC MedTech Group, the SIIC MedTech Group did not have any outstanding mortgages, charges, debentures, loan capital or other similar indebtedness, or hire-purchase commitments, liabilities under acceptances or acceptance credits or any guarantees or other material contingent liabilities as at the close of business on 30th April 2003.

For the purpose of the above indebtedness statement, foreign currency amounts have been translated into Hong Kong dollars at the approximate exchange rates prevailing at the close of business on 30th April 2003. The directors of SIIC MedTech have confirmed that there have been no material changes in SIIC MedTech's indebtedness and contingent liability positions since 30th April 2003.

## **MEETINGS**

The Court Meeting and the Extraordinary General Meeting (the "Meetings") will be held at 10:30 a.m. and 11:00 a.m. (or as soon thereafter as the Court Meeting shall have been concluded or adjourned) respectively on Monday, 11th August 2003 at the Conference Room, 26th Floor, Harcourt House, 39 Gloucester Road, Wanchai, Hong Kong. Notices of the Meetings are set out in the Scheme Document.

A further announcement will be made by SIIC MedTech in relation to, inter alia, the voting results of the Court Meeting and the Extraordinary General Meeting following the Meetings.

## **CLOSURE OF REGISTER OF MEMBERS**

For the purpose of determining the entitlements of Independent Shareholders to attend and vote at the Court Meeting and the Shareholders to attend and vote at the Extraordinary General Meeting, the register of members of SIIC MedTech will be closed from Thursday, 7th August 2003 to Monday, 11th August 2003 (both days inclusive). During such period no transfer of Shares will be effected. In order to qualify to vote at the Meetings, all transfers accompanied by the relevant share certificates must be lodged with the branch share registrar of SIIC MedTech in Hong Kong, Secretaries Limited, at Ground Floor, Bank of East Asia Harbour View Centre, 56 Gloucester Road, Wanchai, Hong Kong ("Registrar") by not later than 4:30 p.m. on Wednesday, 6th August 2003.

Provided that the Proposal is approved, the last day for dealing in Shares on the Stock Exchange will be Monday, 8th September 2003. To qualify for entitlements under the Scheme, all transfers accompanied by the relevant share certificates must be lodged with the Registrar by not later than 4:30 p.m. on Wednesday, 10th September 2003.

## **CONDITIONS OF THE PROPOSAL**

**Shareholders and potential investors are reminded that the Proposal is subject to a number of conditions being fulfilled or waived, as applicable, and therefore may or may not become effective.** Subject to all the conditions of the Proposal being fulfilled or waived, as applicable, the Scheme is expected to become effective on Tuesday, 16th September 2003. Details of these conditions are set out in the explanatory statement contained in the Scheme Document. The Scheme will lapse if it does not become effective on or before 30th September 2003 (or such later date as SIHL and SIIC MedTech may agree or, to the extent applicable, as the Grant Court may direct) and Shareholders will be notified accordingly by press announcements and also by an announcement published on the GEM website.

The directors of SIIC MedTech intend that the listing of the Shares on the Stock Exchange will be withdrawn if the Scheme is implemented and be maintained in the event that the Scheme is not approved or lapses.

**Shareholders and potential investors are advised to exercise extreme caution when dealing in Shares.**

## EXPECTED TIMETABLE

2003

Latest time for lodging transfers of the Shares to qualify for attending and voting at the Court Meeting and the Extraordinary General Meeting	4:30 p.m. on Wednesday, 6th August
Register closed for determination of entitlements of Independent Shareholders to attend and vote at the Court Meeting and the Extraordinary General Meeting	Thursday, 7th August to Monday, 11th August (both days inclusive)
Latest time for lodging forms of proxy in respect of: Court Meeting ( <i>Note 1</i> )	10:30 a.m. on Saturday, 9th August
Extraordinary General Meeting ( <i>Note 1</i> )	11:00 a.m. on Saturday, 9th August
Suspension of dealings in the Shares	9:30 a.m. on Monday, 11th August
Court Meeting	10:30 a.m. on Monday, 11th August
Extraordinary General Meeting	11:00 a.m. on Monday, 11th August
Press announcements of the results of the Meetings in the South China Morning Post and the Hong Kong Economic Times and on the GEM website	Tuesday, 12th August
Resumption of dealings in the Shares	9:30 a.m. on Tuesday, 12th August
Hearing of SIIC MedTech's application to the Grand Court to dispense with settling of a list of creditors ( <i>Note 2</i> )	Thursday, 14th August
Last day for dealings in the Shares	4:00 p.m. on Monday, 8th September
Latest time for lodging transfers of the Shares to qualify for entitlements under the Scheme	4:30 p.m. on Wednesday, 10th September
Grand Court hearing of the petition to sanction the Scheme and the petition to confirm the Reduction of Capital ( <i>Note 2</i> )	Wednesday, 10th September
Record Time	5:00 p.m. on Monday, 15th September
Effective Date ( <i>Note 3</i> )	Tuesday, 16th September
Withdrawal of the listing of the Shares on the Stock Exchange ( <i>Note 3</i> )	9:30 a.m. on Wednesday, 17th September
Press announcements on the Effective Date and withdrawal of listing of the Shares on the Stock Exchange in the South China Morning Post and the Hong Kong Economic Times and on the GEM website	Wednesday, 17th September
Cheques for payment under the Scheme to be despatched on or before	Friday, 26th September

**Shareholders should note that the above timetable, which is mainly dependent on the availability of the dates for the Grand Court to hear the proceedings relating to the Scheme, is subject to change. Further announcements will be made in the event that there is any change.**

*Notes:*

1. Forms of proxy should be lodged with the principal place of business of SIIC MedTech in Hong Kong, by hand or by post, at 26th Floor, Harcourt House, 39 Gloucester Road, Wanchai, Hong Kong, or in the case of the pink form of proxy in respect of the Court Meeting only by facsimile at number (852) 2520 0128 (marked for the attention of The Company Secretary) as soon as possible and in any event no later than the times and dates stated above. In the case of the pink form of proxy in respect of the Court Meeting, it may be handed to the chairman of the Court Meeting at the Court Meeting if it is not so lodged. In order to be valid, the white form of proxy for the Extraordinary General Meeting must be lodged not later than the time and date stated above. Completion and return of a form of proxy for the Court Meeting or the Extraordinary General Meeting will not preclude a Scheme Shareholder from attending the relevant Meetings and voting in person. In such event, the returned form of proxy will be deemed to have been revoked.
2. All references in this announcement to times and dates are references to Hong Kong times and dates, other than references to the expected dates for the Grand Court hearing of SIIC MedTech's application to dispense with setting of a list of creditors and the Grand Court hearing of the petition to sanction the Scheme and the petition to confirm the Reduction of Capital, which are references to the relevant dates in the Cayman Islands. Cayman Islands time is 13 hours behind Hong Kong time.
3. The Scheme will become effective when it is sanctioned (with or without modification) by the Grand Court and a copy of the Grand Court order is delivered to the Registrar of Companies in the Cayman Islands for registration and is registered. Registration is expected to take place in the morning on Tuesday, 16th September 2003 (Cayman Islands time) (which will be the evening on Tuesday, 16th September 2003 (Hong Kong time)). However, in the event that not all of the conditions have been fulfilled (or, as applicable, waived) by Wednesday, 10th September 2003, being the proposed date of the Grand Court hearing of the petition to sanction the Scheme and the petition to confirm the Reduction of Capital, the timetable of events thereafter will be subject to change. Independent Shareholders should note the conditions set out in the Scheme Document. If the Scheme becomes effective, it is expected that the listing of the Shares on the Stock Exchange will be withdrawn on Wednesday, 17th September 2003.

By Order of the board of  
**Shanghai Industrial Holdings Limited**  
**Cai Lai Xing**  
*Chairman*

By Order of the board of  
**SIIC Medical Science and Technology**  
**(Group) Limited**  
**Lu Ming Fang**  
*Chairman*

Hong Kong, 17th July 2003

*The directors of SIHL (except for Dr. Lee Quo Wei due to health reason) jointly and severally accept full responsibility for the accuracy of the information in relation to SIHL contained in this announcement and confirm, having made all reasonable enquiries, that to the best of their knowledge, opinions expressed in this announcement have been arrived at after due and careful consideration and there are no other facts not contained in this announcement, the omission of which would make any statement in this announcement misleading.*

*This announcement, for which the directors of SIIC MedTech 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 announcement (other than information in relation to SIHL) 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 announcement misleading; and (iii) all opinions expressed in this announcement have been arrived at after due and careful consideration and are founded on bases and assumptions that are fair and reasonable.*

*This announcement will remain on the GEM website on the “Latest Company Announcements” page for a minimum period of 7 days from the date of publication.*

*\* for identification purpose only*