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MEDICAL CHINA LIMITED

神州醫療科技有限公司*

(Incorporated in Bermuda with limited liability)

LISTING ON THE GROWTH ENTERPRISE MARKET OF THE STOCK EXCHANGE OF HONG KONG LIMITED

BY WAY OF PLACING

Number of Placing Shares : 144,000,000 New Shares
(subject to Over-allotment Option)
Issue Price : HK\$0.50 per Placing Share
Nominal value : HK\$0.01 each
Stock code : 8186

Sponsor and Lead Manager

CAOSH

Celestial Capital Limited

Senior Co-lead Manager

Uni-Alpha Securities Limited

Co-lead Manager

Shun Loong Securities Company Limited

Co-managers

Core Pacific-Yamaichi International (H.K.) Limited
Sun Hung Kai International Limited

Tanrich Securities Company Limited
CSC Securities (HK) Limited

Summary

- The 144,000,000 Placing Shares were over-subscribed by approximately 3 times. The placees are independent of and not connected with any of the directors, chief executive, substantial shareholders or initial management shareholders of the Company or an associate of any of them.
- Immediately following completion of the Capitalisation Issue and the Placing (but before exercise of the Over-allotment Option and any options which may be granted under the Share Option Scheme), the Company will have a public float of 34.02% of its enlarged issued share capital.
- The Company has granted to the Underwriters, exercisable by Celestial Capital Limited (on behalf of the Underwriters) in its sole and absolute discretion the Over-allotment Option, exercisable for 30 days from the date of the Prospectus under which Celestial Capital Limited (on behalf of the Underwriters) will have the right but not the obligation to require the Company to issue up to an aggregate of 21,600,000 additional Shares, representing 15% of the New Shares initially offered under the Placing and about 2.6% of the enlarged issued share capital of the Company. These Shares will be issued at the Placing Price. Up to the date of this announcement, the Over-allotment Option has not been exercised.
- Dealings in the Shares on GEM are expected to commence at 10:00 a.m. on Monday, 31 December, 2001.

This announcement is made further to the announcement issued by Medical China Limited (the “Company”) on 18 December 2001. All the required information and documents which include, inter alia, placee lists have been lodged with the Stock Exchange in compliance with Rule 10.12(5) of the GEM Listing Rules.

Unless otherwise defined herein, the terms in this announcement have the same meanings as in the prospectus of the Company dated 19 December 2001 (the “Prospectus”).

Level of interest

The Placing Shares were over-subscribed by approximately 3 times and a total of 144,000,000 Shares have been conditionally issued and allocated in full to professional, institutional and individual investors. The placees are independent of and not connected with any of the directors, chief executive, substantial shareholders or initial management shareholders of the Company or an associate of any of them.

Out of the 144,000,000 Placing Shares, (i) 4,910,000 Shares, representing about 3.41% of the total Placing Shares and about 0.61% of the enlarged issued share capital of the Company, have been placed to Shun Loong On Line Investment Services (HK) Limited, a fellow subsidiary of Shun Loong Securities Company Limited which is the co-lead manager to the Placing, and (ii) 6,000,000 Shares, representing about 4.17% of the Placing Shares and 0.75% of the enlarged issued share capital of the Company, have been placed to Mr. Leung Kin Man, a connected client of Whole Win Securities Limited which is one of the distributors to the Placing. Save as mentioned above, none of the Placing Shares have been placed to any party or group of persons as specified under Rule 10.12(4) of the GEM Listing Rules.

Pursuant to the Placing, the 144,000,000 Shares have been conditionally issued and allocated to a total of 212 placees. The following table sets out the concentration of the 144,000,000 Shares:

	Aggregate number of Placing Shares held	Approximate percentage of the Placing Shares	Approximate percentage of shareholding immediately after completion of the Capitalisation Issue and the Placing (but before the exercise of the Over-allotment Option)
Top placee	18,800,000	13.06%	2.35%
Top 5 placees	77,130,000	53.57%	9.64%
Top 10 placees	104,080,000	72.28%	13.01%
Top 25 placees	132,180,000	91.79%	16.52%

The 144,000,000 Shares have been conditionally issued and allocated to a total of 212 placees as follows:

Number of Shares	Number of placees
0 – 10,000	77
10,001 – 50,000	64
50,001 – 100,000	24
100,001 – 500,000	20
500,001 – 1,000,000	9
1,000,001 – 5,000,000	11
5,000,001 – 10,000,000	3
10,000,001 – 15,000,000	1
15,000,001 or above	3
	212
Total number of placees:	212

There is a high concentration of Shares held by a small number of shareholders. The investors should be aware that the concentration of shareholders may affect the liquidity of the Shares. The shareholders and potential investors are advised to exercise extreme caution in dealing with the Shares.

Minimum public float requirement

According to Rule 11.23(1) of the GEM Listing Rules, the Company is required to maintain a public float of not less than 25% of its issued share capital. Immediately following completion of the Capitalisation Issue and the Placing (but before exercise of the Over-allotment Option and any options which may be granted under the Share Option Scheme), the Company will have a public float of 34.02% of its enlarged issued share capital. Assuming that the Over-allotment Option is exercised in full, the Company will have a public float of about 35.75% of its enlarged issued share capital.

Deposit of share certificate into CCASS

Subject to the granting of the listing of, and permission to deal in, the Shares on GEM as well as the compliance with the stock admission requirements of Hongkong Clearing, the Shares will be accepted as eligible securities by Hongkong Clearing for deposit, clearance and settlement in CCASS with effect from the commencement date of dealings in the Shares on GEM or any other date Hongkong Clearing chooses. Settlement of transactions between participants of the Stock Exchange is required to take place in CCASS on the second business day after any trading day. All activities under CCASS are subject to the General Rules of CCASS and CCASS Operational Procedures in effect from time to time.

The certificates in respect of the Placing Shares are expected to be deposited on 27 December 2001 into CCASS for credit to the respective CCASS participants' stock accounts of the placing agents. All new Shares are expected to be issued on 27 December 2001.

Over-allotment Option

The Company has granted to the Underwriters, exercisable by Celestial Capital Limited (on behalf of the Underwriters) in its sole and absolute discretion the Over-allotment Option, exercisable for 30 days from the date of the Prospectus under which Celestial Capital Limited (on behalf of the Underwriters) will have the right but not the obligation to require the Company to issue up to an aggregate of 21,600,000 additional Shares, representing 15% of the New Shares initially offered under the Placing and about 2.6% of the enlarged issued share capital of the Company. These Shares will be issued at the Placing Price. Up to the date of this announcement, the Over-allotment Option has not been exercised. If the Over-allotment Option is exercised, an announcement will be made on the GEM website at www.hkgem.com.

Commencement of dealings

Dealings in the Shares on GEM are expected to commence at 10:00 a.m. on Monday, 31 December 2001. If there is any change to the expected timetable, an announcement will be made on the GEM website at www.hkgem.com.

By order of the Board
Medical China Limited
Li Nga Kuk, James
Chairman

Hong Kong, 24 December 2001

This announcement, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with 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 announcement 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 announcement misleading; and (3) 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 and a copy of the Prospectus will be available for viewing on the GEM website from the dates of their respective posting.

* *For identification purposes only*