

DIRECTORS' INTERESTS IN SECURITIES

As at 30th June, 2002, save as disclosed herein, none of the directors or their associates had any personal, family, corporate or other interests in the securities of the Company or any of its associated corporations as defined in the Securities (Disclosure of Interests) Ordinance (the "SDI Ordinance").

Name of Director	Number of shares of the Company held as personal interest
Cai Lai Xing	4,000,000
Chen Wei Shu	2,000,000
Lu Ming Fang	1,000,000
Lu Da Yong	1,500,000

SHARE OPTIONS

The Company has, in accordance with Chapter 17 of the Listing Rules of The Stock Exchange of Hong Kong Limited (the "Stock Exchange"), terminated the Company's initial share option scheme (as adopted on 17th May, 1996) and adopted a new share option scheme, as approved by the shareholders of the Company at the extraordinary general meeting held on 31st May, 2002.

According to the new share option scheme of the Company, the Board of the Company may grant options to any director and employee of each member of the Group (including a company in which (a) the Company is directly or indirectly interested in less than 20% of the issued share capital or equity interest of such company but is the largest shareholder or the holder of the largest voting rights of such company; or (b) in the opinion of the Board, the Company is able to exercise significant influence to such company); and any executive or employee of any business consultant, professional and other advisers in each member of the Group, to subscribe for shares in the Company for a consideration of HK\$1.00 for each lot of share options granted. Share options granted should be accepted within 30 days from the date of grant. The Board may at its absolute discretion determine the period during which a share option may be exercised, such period to expire not later than 10 years from the date of the adoption of the new share option scheme. The Board may also provide restrictions on the exercise of a share option during the period a share option may be exercised. The exercise price is determined by the Board of the Company, and shall be at least the highest of: the closing price of the Company's shares on the date of grant; the average closing price of the Company's shares for the five business days immediately preceding the date of grant; and the nominal value of the share. During the period, the Company has not granted any share options under the Company's initial share option scheme and the new share option scheme.

Other Information

The following table discloses movements in the Company's share options during the period:

	Month of grant	Exercise price per share HK\$	Number of shares subject to share options		
			Outstanding at 1st January, 2002	Exercised during the period	Outstanding at 30th June, 2002
Directors					
Chen Wei Shu	January 1999	9.568	1,500,000	—	1,500,000
Zhuo Fu Min (resigned as director of the Company on 30th June, 2002)	January 1999	9.568	1,400,000	—	1,400,000
Lu Ming Fang	August 1998	10.432	500,000	—	500,000
	January 1999	9.568	1,200,000	—	1,200,000
	July 2001	10.432	1,500,000	—	1,500,000
Li Wei Da	January 1999	9.568	1,200,000	—	1,200,000
Lu Yu Ping	March 2001	10.496	1,550,000	—	1,550,000
Zhou Jie	August 1998	10.432	1,500,000	—	1,500,000
	January 1999	9.568	1,200,000	—	1,200,000
Lu Da Yong	January 1999	9.568	1,200,000	—	1,200,000
Yu Li (resigned as director of the Company on 11th March, 2002)	August 1998	10.432	2,000,000	(2,000,000)	—
	January 1999	9.568	1,000,000	(1,000,000)	—
Cao Fu Kang	January 1999	9.568	1,000,000	—	1,000,000
Wen Song Quan	January 1999	9.568	1,000,000	—	1,000,000
Gu Wen Xing	March 2001	10.496	500,000	—	500,000
Total for directors			18,250,000	(3,000,000)	15,250,000
Employees					
	August 1998	10.432	15,650,000	(14,833,000)	817,000
	January 1999	9.568	11,600,000	(4,200,000)	7,400,000
	March 2001	10.496	5,580,000	(1,080,000)	4,500,000
	July 2001	10.432	6,500,000	(2,500,000)	4,000,000
Total for employees			39,330,000	(22,613,000)	16,717,000
Total for SIHL Scheme			57,580,000	(25,613,000)	31,967,000

Options granted under the Company's share option scheme are exercisable at any time during the three and a half years commencing on the expiry of six months after the date of acceptance of the share options.

The weighted average closing prices of the Company's shares immediately before the dates on which the share options were exercised during the period was HK\$15.90.

The Company's subsidiary, SIIC Medical Science and Technology (Group) Limited ("SIIC MedTech") has, in accordance with Chapter 23 of the GEM Listing Rules of the Stock Exchange terminated its initial share option scheme (as adopted on 11th November, 1999) and adopted a new share option scheme, as approved by the shareholders of SIIC MedTech at the extraordinary general meeting held on 6th May, 2002. The shareholders of the Company has also approved the termination of SIIC MedTech's initial share option scheme and adoption of SIIC MedTech's new share option scheme at the extraordinary general meeting held on 31st May, 2002.

According to the new share option scheme of SIIC MedTech, the Board of SIIC MedTech may grant options to any director and employee of each member of the SIIC MedTech Group; and any executive or employee of any business consultant, professional and other advisers in each member of the SIIC MedTech Group, to subscribe for shares in SIIC MedTech for a consideration of HK\$1.00 for each lot of share options granted. Share options granted should be accepted within 30 days from the date of grant. The Board of SIIC MedTech may at its absolute discretion determine the period during which a share option may be exercised, such period to expire not later than 10 years from the date of the adoption of the new share option scheme. The Board of SIIC MedTech may also provide restrictions on the exercise of a share option during the period a share option may be exercised. The exercise price is determined by the Board of SIIC MedTech, and shall be at least the highest of: the closing price of SIIC MedTech's shares on the date of grant; the average closing price of SIIC MedTech's shares for the five business days immediately preceding the date of grant; and the nominal value of the share.

In January 2002, SIIC MedTech offered the first batch of 39,200,000 share options to its staff and executive directors under the initial share options scheme, 600,000 of which were lapsed. These share options may be exercised

Other Information

from 21st January 2003 to 20th January 2006 at a price of HK\$1.69. Save as disclosed above, SIIC MedTech has not granted any share options under its initial share options scheme and new share options scheme during the period.

As at 30th June, 2002, certain directors of SIIC MedTech have personal interests in share options to subscribe for shares in SIIC MedTech as follows:

**Outstanding at
1st January, 2002
and 30th June, 2002**

Directors:

Feng Gen Sheng	6,000,000
Li Wei Da	6,000,000
Chen Shu Zi	4,000,000
Ge Wen Yao	2,500,000
Wu Jian Zhuang	2,500,000

The above share options which were granted in January 2000 can be exercised during the period from 21st January, 2003 to 20th January, 2006, at an exercise price of HK\$1.69 per share.

Save as disclosed above, at no time during the period was the Company or any of its holding companies, fellow subsidiaries or subsidiaries a party to any arrangement to enable the directors of the Company to acquire benefits by means of the acquisition of shares in, or debt securities (including debentures) of, the Company or any other body corporate and none of the directors, or their spouses or children under the age of 18, had any rights to subscribe for securities of the Company, or had exercised any such rights.

SUBSTANTIAL SHAREHOLDERS

As at 30th June, 2002, the register kept by the Company under Section 16(1) of the SDI Ordinance showed that the following persons are interested in 10% or more of the nominal value of the issued ordinary shares of the Company:

Name of shareholder	Number of ordinary shares beneficially held
Shanghai Industrial Investment (Holdings) Company Limited ("SIIC")	548,076,000
Shanghai Industrial Investment Treasury Company Limited ("STC")	548,066,000
Shanghai Investment Holdings Limited ("SIH")	548,066,000

Note: Top Modern Limited and SIIC Capital (B.V.I.) Limited are the beneficial owners of 10,000 and 80,000,000 ordinary shares of the Company. SIIC owns 100% of Top Modern Limited and STC, which owns 100% of SIH, which in turns owns 100% of SIIC Capital (B.V.I.) Limited and is accordingly deemed by the SDI Ordinance to be interested in the ordinary shares of the Company held by Top Modern Limited, STC, SIH and SIIC Capital (B.V.I.) Limited.

Save as disclosed above, the Company has not been notified of any other interests as at 30th June, 2002 representing 10% or more of the issued share capital of the Company.

PURCHASE, SALE AND REDEMPTION OF SHARES

During the period, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities.

REVIEW OF INTERIM FINANCIAL STATEMENTS

The Audit Committee has reviewed with management and the external auditors, Deloitte Touche Tohmatsu, the accounting principles and practices adopted by the Group and discussed internal controls and financial reporting matters including the review of the unaudited interim financial statements.

CODE OF BEST PRACTICE

None of the Directors is aware of any information that would reasonably indicate that the Company is not, or was not for any part of the six months ended 30th June, 2002, in compliance with the Code of Best Practice as set out in Appendix 14 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.