

Time extension for shareholder's circular Hong Kong Conglomerates

SIIS (648 HK, HK\$0.218)

Not Rated

One of its kind healthcare acquisition. On 24 April, SIIS announced that it has conditionally agreed to acquire China Renji for an aggregate consideration of not more than HK\$641.0m, subject to valuation adjustments. China Renji is an investment holding company, whose sole asset is Anping Medical, a China-based company principally engaged in the management of a network of medical centers in China specializing in the diagnosis and treatment of tumour/cancer.

Common occurrence. Yesterday, SIIS announced an extension of time to issue the shareholder's circular for the acquisition of China Renji. The extension is a common occurrence for listed companies undertaking major acquisitions. Under current HKEx listing rules, a company must issue circulars within 21 days of announcement (in this case 16 May 2007). However, in many instances, this relatively short time frame is insufficient for listcos to prepare the circular, as the reporting accountants will normally require more time to complete their due diligence and auditing process.

Completion of acquisition on track. We have spoken to the management and we understand that the major item currently outstanding for the completion of the circular is the accountant's report on China Renji, which is expected to be issued end May/early Jun 2007. According to the management, the timetable for completing the transaction is still on track. We now expect the circular draft to be submitted to HKEx in early Jun 2007 to be formally issued in or prior to mid-Jun 2007.

Disclosure of interests: SBI E2-Capital acted as the sole bookrunner and joint placing agent for the SIIS placement of 1,500m new shares (including an option for an additional placement of 200m new shares which was exercised in full) at HK\$0.125 per share on 25 April 2007.

An Executive Director of SBI E2-Capital Securities is also an Executive Director of SIIS. SBI E2-Capital is a joint venture between SIIS and E2-Capital (Holdings) Ltd. (387 HK).