

上海實業控股有限公司

SHANGHAI INDUSTRIAL HOLDINGS LIMITED

(Incorporated in Hong Kong under the Companies Ordinance)

Connected Transaction

Disposal of Interest in Shanghai Orient Shopping Centre Ltd.

The Board of Directors of the Company announces that SI Commerce, a wholly-owned subsidiary of the Company, and Shanghai Yibai entered into the Agreement on 7 May 2003 whereby SI Commerce agreed to dispose all its 51% interest in Shanghai Orient to Shanghai Yibai, at a cash consideration of RMB127,137,000 (equivalent to approximately HK\$119,941,000).

Shanghai Orient is a 51% subsidiary of SI Commerce, and Shanghai Yibai, a substantial shareholder of Shanghai Orient, which owns the remaining 49% interest thereof, is a connected person of the Company. The disposal therefore constitutes a connected transaction for the Company under the Listing Rules. The Company shall make disclosure of the disposal by way of an announcement, and include the relevant details in the Company's next published annual report and accounts in accordance with Rule 14.25(1)(A) to 14.25(1)(D).

1. AGREEMENT

Parties to the Agreement:

Vendor : SI Commerce
Purchaser : Shanghai Yibai

Date of the Agreement:

7 May 2003

2. DISPOSAL AND CONSIDERATION

Pursuant to the Agreement, SI Commerce agreed to dispose all its 51% interest in Shanghai Orient to Shanghai Yibai, at a cash consideration of RMB127,137,000 (equivalent to approximately HK\$119,941,000). As Shanghai Yibai owns the remaining 49% interest in Shanghai Orient, SI Commerce will no longer own any interest in Shanghai Orient and Shanghai Yibai will own 100% interest in Shanghai Orient after the disposal.

The Agreement is subject to the approval obtained from the relevant approval authorities of the PRC, and will become effective on the same date of the date of approval. The consideration will be settled on the Completion Date. The consideration was determined by the parties on arm's length basis by reference to the net asset value of Shanghai Orient. The consideration is 5.1 times compared with the adjusted net asset value of Shanghai Orient as at 31 December 2002 of approximately RMB48,761,000 (equivalent to approximately HK\$46,001,000) (calculated on a 51% interest basis after deducting the retained earnings that were entitled by SI Commerce), prepared in accordance with the generally accepted accounting principles in Hong Kong.

The Directors consider that the basis in determining the consideration is fair and reasonable. The proceeds from the disposal net of outgoing expenses of approximately RMB60,000 (equivalent to approximately HK\$56,000) will be used as the general working capital of the Company.

3. INFORMATION OF SHANGHAI ORIENT

Shanghai Orient is a limited company incorporated on 9 November 1990 under the laws of the PRC. It is engaged in the business of department retail in Shanghai. The Company acquired a 51% interest in Shanghai Orient at the end of 1996, at a consideration of approximately HK\$74,000,000. The net asset value as at 31 December 2002 of Shanghai Orient prepared in accordance with the generally accepted accounting principles in Hong Kong is approximately RMB65,093,000 (equivalent to approximately HK\$61,408,000).

4. CONNECTED TRANSACTION

As Shanghai Orient is a subsidiary of SI Commerce, and Shanghai Yibai, a substantial shareholder of Shanghai Orient, which owns the remaining 49% interest thereof, is a connected person of the Company. As such, the entering into the Agreement constitutes a connected transaction for the Company under the Listing Rules. In accordance with the Listing Rules, the Company shall make disclosure of the disposal by way of an announcement, and shall include the relevant details in the Company's next published annual report and accounts in accordance with Rule 14.25(1)(A) to 14.25(1)(D).

5. REASONS FOR THE DISPOSAL

In complement with the Company's business transformation strategy in recent years, the Company will continue to develop new businesses with potentials such as medicine and bio-technology, modern logistics and information technology; strengthen its existing investment projects that have market competitiveness and gradually streamline non-core businesses, with a view to optimise the Group's resources allocation. The Board considers that by disposing the interest of Shanghai Orient, the Company will be able to better consolidate its resources, which is to the interest of the Shareholders.

6. DEFINITIONS

Terms	Meaning
"Agreement"	the share transfer agreement dated 7 May 2003 entered into between SI Commerce and Shanghai Yibai
"Board"	the board of directors of the Company
"Company"	Shanghai Industrial Holdings Limited, a limited company whose shares are listed on the Stock Exchange
"Completion Date"	the fifth day after the Agreement becomes effective
"Listing Rules"	The Rules Governing the Listing of Securities on the Stock Exchange
"PRC"	The People's Republic of China
"SI Commerce"	S. I. Commerce Holdings Limited, a limited company incorporated in the British Virgin Islands
"Shanghai Orient"	Shanghai Orient Shopping Centre Ltd., a limited company incorporated in the PRC
"Shanghai Yibai"	Shanghai Yibai (Holdings) Company Ltd., a limited company incorporated in the PRC
"Shareholders"	the shareholders of the Company
"Stock Exchange"	The Stock Exchange of Hong Kong Limited

By Order of the Board
Roger L. C. Leung
Company Secretary

Hong Kong, 9 May 2003

Please also refer to the published version of this announcement in South China Morning Post dated on 12-05-2003.

Shanghai Industrial Holdings Limited
12-05-2003