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# 上海實業控股有限公司

SHANGHAI INDUSTRIAL HOLDINGS LIMITED

(Incorporated in Hong Kong under the Companies Ordinance)  
(Stock Code: 0363)

## Continuing Connected Transactions

The Company announces the continuing connected transactions in relation to the sale of medicine products by Xiamen Chinese Medicine to the TCM business unit of Xiamen Medicine Centre. The transactions have been entered into for the needs of the business of the Group and constitute continuing connected transactions for the Company under Rule 14A.34(1) of the Listing Rules and shall be subject to the reporting and announcement requirements pursuant to Rule 14A.45 to Rule 14A.47 of the Listing Rules.

### SALES TRANSACTIONS

Xiamen Chinese Medicine has entered into a sales agreement with the TCM business unit of Xiamen Medicine Centre on 29th March, 2004 for a term of three years in relation to the sale of medicine products by Xiamen Chinese Medicine to the TCM business unit of Xiamen Medicine Centre. Total sales as at the end of April for the year 2004 amounted to approximately RMB3,564,000 (equivalent to approximately HK\$3,362,000). Such kind of transactions are expected to continue, and it is expected that total maximum sales on an annual basis will not exceed RMB20,000,000 (equivalent to approximately HK\$18,868,000). The selling prices were determined by the parties on arm's length basis and on terms no less favourable than those offered by Xiamen Chinese Medicine to independent third parties. The sales transactions are in the ordinary and usual course of business of Xiamen Chinese Medicine and are on normal commercial terms. Xiamen Chinese Medicine is a subsidiary of the Company in which the Company indirectly owns 56% interests, and its principal business is manufacturing and sale of Chinese medicine and health food. Xiamen Medicine Centre is principally engaged in the retail and distribution of medicine products.

The Board (including the Independent Non-executive Directors) considers that the sale of medicine products by Xiamen Chinese Medicine to Xiamen Medicine Centre will help to strengthen and increase the market share of the medicine products of Xiamen Chinese Medicine and increase Xiamen Chinese Medicine's sales revenue. The Board (including the Independent Non-executive Directors) considers that the transactions are fair and reasonable such that entering into these continuing transactions is in the interests of the Group.

As the substantial shareholder of Xiamen Chinese Medicine, Xiamen Dinglu, and Xiamen Medicine Centre are both companies administered and managed by Xiamen State-owned Assets, Xiamen Medicine Centre is accordingly a connected person to the Company. In this connection, the sales transactions constitute continuing connected transactions of the Company under the Listing Rules. Since each of the percentage ratios as to the transaction amount calculated on an annual basis is less than 2.5% under Rule 14A.34 (1) of the Listing Rules, the Company shall make disclosure on the transactions by way of an announcement and report on the information set out in Rule 14A.45 of the Listing Rules in the next and its subsequent published annual reports and accounts for the financial years during which the Company undertakes the transactions as pursuant to Rule 14A.45 to Rule 14A.47 of the Listing Rules. Upon expiry of the term of the sales agreement, the Company shall continue to comply with the requirements under Chapter 14A of the Listing Rules in respect of the above continuing connected transactions.

### DEFINITIONS

Terms	Meaning
"Board"	the board of directors of the Company
"Company"	Shanghai Industrial Holdings Limited, incorporated in Hong Kong, whose shares are listed on the Stock Exchange
"Group"	the Company and its subsidiaries
"Listing Rules"	The Rules Governing the Listing of Securities on the Stock Exchange
"PRC"	The People's Republic of China
"Stock Exchange"	The Stock Exchange of Hong Kong Limited
"Xiamen Chinese Medicine"	Xiamen Traditional Chinese Medicine Co. Ltd., incorporated in the PRC as Sino-foreign equity joint venture
"Xiamen Medicine Centre"	Fujian Province Xiamen Medicine Procurement Centre* (福建省廈門醫藥採購供應站), incorporated in the PRC as State-owned enterprise
"Xiamen Dinglu"	Xiamen Dinglu Industrial Company* (廈門鼎爐實業總公司), incorporated in the PRC as State-owned enterprise
"Xiamen State-owned Assets"	Xiamen State-owned Assets Investment Company* (廈門國有資產投資公司), incorporated in the PRC as State-owned enterprise

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

Hong Kong, 25th May, 2004

Registered Office:  
26th Floor, Harcourt House,  
39 Gloucester Road,  
Hong Kong

As at the date hereof, the board of directors of the Company is comprised of 12 directors, of which 9 are Executive Directors, namely Messrs. Cai Lai Xing, Lu Ming Fang, Lu Da Yong, Ding Zhong De, Lu Shen, Qian Shi Zheng, Lu Yu Ping, Yao Fang and Ge Wen Yao, and 3 are Independent Non-executive Directors, namely Messrs. Lo Ka Shui, Woo Chia-Wei and Leung Pak To, Francis.

\* The English name is an informal English translation of its official Chinese name.