上海實業控股有限公司
SHANGHAI INDUSTRIAL HOLDINGS LIMITED
(Incorporated in Hong Kong with limited liability)

(Stock Code: 363)

CONTINUING CONNECTED TRANSACTIONS
(1) CIGARETTE PACKAGING AGREEMENT
(2) TRASH PAPER AGREEMENT AND PORT AGENCY AGREEMENT
(3) RAW CHEMICAL PURCHASING AGREEMENTS

BACKGROUND

The Company, through its 93.44% owned subsidiary Wing Fat Printing, holds a 51% equity interest in Xuchang Yongchang JV and a 66% equity interest in Hebei Yongxin JV. Xuchang Yongchang JV and Hebei Yongxin JV are both subsidiaries of the Company.

The Company, through its 51% indirectly owned subsidiary Chifeng Keyuan and its 58.19% indirectly owned subsidiary Chifeng Aike, holds a 71.91% equity interest in Chifeng Mengxin and through Chifeng Keyuan holds a 58.19% equity interest in Chifeng Aike. Chifeng Aike and Chifeng Mengxin are both subsidiaries of the Company.

CONTINUING CONNECTED TRANSACTIONS

Each of Xuchang Yongchang JV, Hebei Yongxin JV, Chifeng Aike and Chifeng Mengxin entered into the following agreements with connected persons of the Company on 1st September 2005 which constitute continuing connected transactions of the Company under the Listing Rules:

(1) the Cigarette Packaging Agreement entered into by Xuchang Yongchang JV with Xuchang Cigarette Factory;

(2) the Trash Paper Agreement and the Port Agency Agreement entered into by Hebei Yongxin JV with Xinan Tianjin; and

(3) the Raw Chemical Purchasing Agreements entered into by Chifeng Aike and Chifeng Mengxin respectively with Chifeng Group.

The Agreements are not inter-conditional and the three series of transactions referred to above are independent of each other.

The applicable percentage ratios for transactions under (1) the Cigarette Packaging Agreement and (2) the Trash Paper Agreement and the Port Agency Agreement on an annual basis exceed 2.5%. The transactions under these agreements constitute non-exempt continuing connected transactions of the Company under Rule 14A.35 of the Listing Rules, and are subject to the disclosure requirements under Rules 14A.45 to 14A.47 of the Listing Rules and the approval of the independent Shareholders under Rule 14A.48 of the Listing Rules.

The applicable percentage ratios for transactions under the Raw Chemical Purchasing Agreements on an annual basis exceed 0.1% but do not exceed 2.5%. The transactions under the Raw Chemical Purchasing Agreements are subject to the reporting and announcement requirements under Rules 14A.45 to 14A.47, but are exempt from the independent Shareholders' approval requirements under Rule 14A.48.

No Shareholder would be required to abstain from voting if a general meeting of the Company is convened to approve the transactions under the Cigarette Packaging Agreement, the Trash Paper Agreement and the Port Agency Agreement. The Company has obtained from the companies controlled by Shanghai Industrial Investment (Holdings) Company Limited which hold approximately 56.67% in nominal value of the securities giving the right to attend and vote at any general meeting of the Company written approvals of such transactions their annual caps. The Company has applied to the Stock Exchange for a waiver from the requirement to hold a general meeting of the Shareholders and permission for the independent Shareholders' approval of the transactions under the Cigarette Packaging Agreement, the Trash Paper Agreement and the Port Agency Agreement and their annual caps to be given in writing.

The board of Directors has appointed the Independent Board Committee to consider and advise the independent Shareholders on the terms of the transactions under the Cigarette Packaging Agreement, the Trash Paper Agreement and the Port Agency Agreement and their annual caps and has appointed the Independent Financial Adviser to advise the Independent Board Committee. A circular containing, among other things, details of the Cigarette Packaging Agreement, the Trash Paper Agreement and the Port Agency Agreement, the recommendation of the Independent Board Committee and an advice of the Independent Financial Adviser will be issued to the Shareholders as soon as practicable.

XUCHANG YONGCHANG JV

The Company, through its 93.44% owned subsidiary Wing Fat Printing, holds a 51% equity interest in Xuchang Yongchang JV. Xuchang Yongchang JV is a subsidiary of the Company which carries on the business of printing and packaging materials. The other 49% equity interest in Xuchang Yongchang JV is owned by Xuchang Cigarette Factory. Xuchang Yongchang JV entered into the following agreement with Xuchang Cigarette Factory, its substantial shareholder:

Cigarette Packaging Agreement

Date	:	1st September 2005	
Parties	:	(i) Xuchang Cigarette Factory	
		(ii) Xuchang Yongchang JV	
Term	:	From 1st January 2005 to 31st December 2007	
Nature of Transaction	:	Xuchang Cigarette Factory will purchase cigarette paper materials and cigarette box packaging materials supplied by Xuchang Yongchang JV in priority to other suppliers.	
Pricing	:	The products shall be supplied at prices as negotiated by the parties on a fair basis with reference to the prevailing market prices of the products, and on terms no less favourable to Xuchang Yongchang JV than terms available to Independent Third Parties.	
Payment Terms	:	The products shall be paid monthly and within 90 days from the end of each month.	
Annual Cap	:	2005	RMB130,000,000 (about HK$125,000,000)
		2006	RMB145,000,000 (about HK$139,423,000)
		2007	RMB160,000,000 (about HK$153,846,000)

with an increment of RMB15 million in the annual cap amount for each year during the term. Such increment was determined with reference to the anticipated packaging industry growth rate and the overall economic growth rate of Mainland, PRC.

Under the sales agreement of cigarette box packaging materials dated 28th September 2004 between Xuchang Yongchang JV and Xuchang Cigarette Factory for a term of 1 year from 1st October 2004, the maximum annual sales value was RMB72 million (about HK$67,925,000). Please refer to the announcement by the Company dated 28th September 2004.

Basis of Annual Cap : (1) historical figures of the sales transaction amount to Xuchang Cigarette Factory as follows:

	Total amount
Year ended 31st December 2003	RMB2,237,000 (about HK$2,110,000)
Year ended 31st December 2004	RMB27,530,000 (about HK$25,972,000)
Six months ended 30th June 2005	RMB60,647,000 (about HK$57,214,000)

Based on the unaudited amount of sales of products by Xuchang Yongchang JV to Xuchang Cigarette Factory for the six months ended 30th June 2005 of approximately RMB60.7 million, the annual cap amount for the whole year of 2005 is estimated to be more than double of such half year amount.

Sales to Xuchang Cigarette Factory had a strong growth of about 12.3 times and 4.7 times respectively during the past two years due to Xuchang Cigarette Factory taking over the sales network of other cigarette manufacturers in 2004 and further acquiring another cigarette business in 2005, thus increasing its demand for products from Xuchang Yongchang JV in 2004 and 2005. However, it is not expected that the growth rate will be as strong as in those two years for the forthcoming years.

(2) discussion with Xuchang Cigarette Factory as to its expected demand in coming years, taking into account that Xuchang Yongchang JV's production capacity will be able to accommodate such demand by implementing additional equipment and manpower and the corresponding expected increase in sales; and

(3) the anticipated growth in sales and cost of production/materials will match the growth of packaging industry and the overall economic growth in Mainland, PRC.

HEBEI YONGXIN JV

The Company, through Wing Fat Printing, holds a 66% of equity interest in Hebei Yongxin JV. Hebei Yongxin JV which carries on the business of paper printing and packaging materials became a subsidiary of the Company in mid-August 2005. The remaining equity interest in Hebei Yongxin JV is owned by Xinan Tianjin as to 29% and by Tianjin Tianan (an Independent Third Party apart from being a shareholder of Hebei Yongxin JV) as to 5%. Hebei Yongxin JV entered into the following agreements with Xinan Tianjin, its substantial shareholder:

The Trash Paper Agreement and Port Agency Agreement

Date	:	1st September 2005
Parties	:	(i) Xinan Tianjin (ii) Hebei Yongxin JV
Term	:	From 1st January 2005 to 31st December 2007
Nature of Transaction	:	(1) Purchase of trash paper materials by Hebei Yongxin JV (for its production of recycled paper) from Xinan Tianjin. (2) Provision of cargo management services at Tianjin port by Xinan Tianjin to Hebei Yongxin JV to facilitate the taking delivery by Hebei Yongxin JV of products purchased under the Trash Paper Agreement and shipped to a port at Tianjin, such services shall be charged based on the quantity of products handled by Xinan Tianjin. The services provided include checking of shipment dates and notification to Hebei Yongxin JV, handling of customs and taxation formalities.
Pricing	:	The products/services shall be supplied/provided at prices/fees as negotiated by the parties on a fair basis with reference to the prevailing market prices of the products and service charges, and on terms no less favourable to Hebei Yongxin JV than terms available from Independent Third Parties.
Payment Terms	:	(1) The products purchased under the Trash Paper Agreement shall be payable within 90 days from the date on which Hebei Yongxin JV completes checking of the products and confirms proper delivery of the products. (2) The service charge under the Port Agency Agreement shall be payable upon taking delivery of the products.

Annual Cap :

Year	Trash Paper Agreement	Port Agency Agreement
2005	RMB200,000,000 (about HK$192,308,000)	RMB13,000,000 (about HK$12,500,000)
2006	RMB222,000,000 (about HK$213,462,000)	RMB14,430,000 (about HK$13,875,000))
2007	RMB246,420,000 (about HK$236,942,000)	RMB16,017,000 (about HK$15,401,000)

Basis of Annual Cap : (1) historical figures of the amounts of transactions with Xinan Tianjin as follows:

	Total amount of purchase of trash paper	**Total amount of fees paid for port agency services**
Three months ended 31st December 2003	RMB8,051,000 (about HK$7,595,000)	RMB228,000 (about HK$215,000)
Year ended 31st December, 2004	RMB153,250,000 (about HK$144,575,000)	RMB8,346,000 (about HK$7,874,000)
Six months ended 30th June 2005	RMB80,307,000 (about HK$75,761,000)	RMB4,654,000 (about HK$4,391,000)

with an increment of 11% in the annual cap amount of each year during the term. Such increment was determined with reference to the anticipated paper industry growth rate and the overall economic growth rate in Mainland, PRC.

Hebei Yongxin JV had only just commenced business in late 2003, its equipment was not fully in place and its scale of business was not very large. Its business expanded in 2004 as its equipment became more fully utilized and thus its purchase from Xinan Tianjin had a strong growth in 2004.

According to the management of Hebei Yongxin JV, the packaging industry generally enjoys higher sales and requires more paper materials in the second half of the year than in the first half. Accordingly, it is expected that Hebei Yongxin JV will require more trash paper and thus more port agency services in the second half of 2005 than in the first half. The annual cap amount for 2005 is thus more than double the total amount of purchase and of the service fees for the six months ended 30th June 2005.

(2) discussion with Xinan Tianjin as to their production capacity which will be able to meet Hebei Yongxin JV's demand, and thus the expected increase in sales of trash paper materials and the provision of port agency services to Hebei Yongxin JV; and

(3) the anticipated growth in sales and cost of production/materials will match the growth of the paper industry and the overall economic growth in Mainland, PRC.

The above transactions between Hebei Yongxin JV and Xinan Tianjin only constituted continuing connected transactions of the Company when Hebei Yongxin JV became a subsidiary of the Company in mid-August, 2005.

CHIFENG MENGXIN AND CHIFENG AIKE

The Company, through its 51% indirectly owned subsidiary Chifeng Keyuan and its 58.19% indirectly owned subsidiary Chifeng Aike, holds a 71.91% equity interest in Chifeng Mengxin. Chifeng Mengxin which carries on the business of manufacture and sale of medicine became a subsidiary of the Company in December 2004. The remaining equity interest in Chifeng Mengxin is owned by Chifeng Group as to 17.91% and by other Independent Third Parties as to the rest.

The Company through Chifeng Keyuan holds a 58.19% of equity interest in Chifeng Aike. Chifeng Aike which carries on the business of manufacture and sale of raw pharmaceutical became a subsidiary of the Company in December 2004. The remaining equity interest in Chifeng Aike is owned by Chifeng Group as to 5.87% and by other Independent Third Parties as to the rest.

Chifeng Group, a substantial shareholder of Chifeng Mengxin, entered into the following agreements with Chifeng Aike and Chifeng Mengxin:

The Raw Chemical Purchasing Agreements

Date	:	1st September 2005
Parties	:	(i) Chifeng Group (ii) Chifeng Mengxin and Chifeng Aike respectively
Term	:	From 1st January 2005 to 31st December 2007
Nature of Transaction	:	Purchase of raw chemical by Chifeng Mengxin (for production of medicine) and Chifeng Aike (for production of raw pharmaceutical) from Chifeng Group.
Pricing	:	The products supplied to Chifeng Mengxin shall be at prices as negotiated by the parties on a fair basis with reference to the prevailing market prices of the products, and on terms no less favourable to Chifeng Mengxin than terms available from Independent Third Parties. The products supplied to Chifeng Aike shall be at prices as negotiated by the parties on a fair basis with reference to the actual purchase prices of the raw chemical as purchased by Chifeng Group from other source of supply plus a 10% service charge (which is based on the necessary storage, transportation and labour expenses in respect of such raw chemical purchased), and on terms no less favourable to Chifeng Aike than terms available from Independent Third Parties. Purchases of raw chemicals by Chifeng Group for Chifeng Aike are cheaper than purchases from other suppliers because Chifeng Group can source raw chemicals in large quantities at lower prices, and therefore Chifeng Aike can benefit from a lower cost of purchasing raw chemicals from Chifeng Group than from other suppliers. Besides, such purchasing arrangements can avoid the need for Chifeng Aike to expand its storage facilities for raw chemicals and the special transportation arrangements required for the chemicals purchased. Although the charging of a service fee by Chifeng Group for its purchases of raw chemicals for Chifeng Aike is not a market practice, in view of these advantages to Chifeng Aike, the Directors consider that the Raw Chemical Purchasing Agreement by Chifeng Aike with Chifeng Group is beneficial to and in the interest of the Group. Such service charge is at a rate which is no less favourable to Chifeng Aike than available from Independent Third Parties.

Payment Terms : The products supplied shall be payable on a monthly basis.

Annual Cap :

	Chifeng Aike		**Chifeng Mengxin**
2005	RMB1,600,000 (about HK$1,538,000)	2005	RMB9,500,000 (about HK$9,135,000)
2006	RMB1,728,000 (about HK$1,662,000)	2006	RMB10,925,000 (about HK$10,505,000)
2007	RMB1,866,000 (about HK$1,794,000)	2007	RMB12,564,000 (about HK$12,081,000)

Basis of Annual Cap : (1) historical figures of the amounts of transactions with Chifeng Group as follows:

	Chifeng Aike (purchase of raw chemical)		**Chifeng Mengxin (purchase of raw chemical)**
Year ended 31st December 2003	RMB1,373,000 (about HK$1,295,000)	Year ended 31st December 2003	RMB5,569,000 (about HK$5,254,000)
Year ended 31st December 2004	RMB1,611,000 (about HK$1,520,000)	Year ended 31st December 2004	RMB7,444,000 (about HK$7,023,000)
Six months ended 30th June 2005	RMB450,000 (about HK$425,000)	Six months ended 30th June 2005	RMB4,089,000 (about HK$3,858,000)

According to the management of Chifeng Aike, a major overseas customer of Chifeng Aike did not purchase from Chifeng Aike in the first half of 2005 but is anticipated to make a purchase in the fourth quarter of 2005. Subject to the customer placing an order with Chefeng Aike, it is expected that Chifeng Aike will need to purchase products from Chifeng Group during the second half of 2005 for the purpose of such transaction and that the amount of transactions with Chifeng Group in the second half of 2005 will increase accordingly.

(2) the historical figures of Chifeng Aike with an increment of 8% in the annual cap amount of each year during the term. Such increment was determined with reference to the overall economic growth rate of Mainland, PRC; and

(3) the historical figures of Chifeng Mengxin with an increment of 15% in the annual cap amount of each year during the term. Such increment was determined with reference to the anticipated growth rate of the medical industry and the overall economic growth rate of Mainland, PRC.

The annual caps for Chifeng Aike transactions are based on the overall economic growth rate of the PRC only because Chifeng Aike only purchases one type of raw chemical from Chifeng Group and increments in the annual caps are less susceptible to growth in medical industry; while the annual caps for Chifeng Mengxin transactions (which involve the purchase of a variety of raw chemicals from Chifeng Group) are based on the overall economic growth rate of the PRC and the anticipated growth rate of the medical industry.

The Agreements are not inter-conditional and the three series of transactions referred to above are independent of each other.

REASONS FOR AND BENEFITS OF THE CONTINUING CONNECTED TRANSACTIONS

Xuchang Cigarette Factory has been a long-term customer of Xuchang Yongchang JV since 1999. Currently, 100% of the products of Xuchang Yongchang JV are supplied to Xuchang Cigarette Factory. The entering into of the Cigarette Packaging Agreement can help secure the relationship of the parties and will enable Xuchang Yongchang JV to ensure that Xuchang Cigarette Factory will in priority purchase goods from Xuchang Yongchang JV. The obligations of Xuchang Cigarette Factory to purchase products from Xuchang Yongchang JV will help maintain a stable source of sales to Xuchang Cigarette Factory. Accordingly, the Directors consider it is in the interests of the Company and the Shareholders as a whole to lock up the pricing basis with Xuchang Cigarette Factory (at prices no less favourable to the Group than terms available to Independent Third Parties).

Xinan Tianjin has been a long-term supplier and a port services provider of Hebei Yongxin JV since its incorporation in 2003. Xinan Tianjin supplies about 46.26% of total purchase of Hebei Yongxin JV. The entering into of the Trash Paper Agreement and the Port Agency Agreement will ensure a stable but non-exclusive supply channel of trash paper materials and cargo management services as formally established by Hebei Yongxin JV. Accordingly, the Directors consider it is in the interests of the Company and the Shareholders as a whole to lock up the pricing basis with Xinan Tianjin (at prices no less favourable to the Group than terms available from Independent Third Parties).

Chifeng Group has been a long-term supplier of Chifeng Mengxin and Chifeng Aike. 11% and 5% of the total purchases of Chifeng Mengxin and Chifeng Aike respectively are supplied by Chifeng Group. The entering into the Raw Chemical Purchasing Agreements will ensure a stable but non-exclusive supply channel of raw chemical as formally established by Chifeng Mengxin and Chifeng Aike. Accordingly, the Directors consider it is in the interests of the Company and the Shareholders as a whole to lock up the pricing basis with Chifeng Group (at prices no less favourable to the Group than terms available from Independent Third Parties).

Pursuant to the Cigarette Packaging Agreement, the Trash Paper Agreement and the Port Agency Agreement and the Raw Chemical Purchasing Agreements, the Directors (including the Independent Non-executive Directors) consider that the Continuing Connected Transactions will be conducted on normal commercial terms and in the usual and ordinary course of business of each of Xuchang Yongchang JV, Hebei Yongxin JV, Chifeng Aike and Chifeng Mengxin. The Directors (including the Independent Non-executive Directors) consider that the terms of the Continuing Connected Transactions are fair and reasonable and in the best interest of the Company and the Shareholders as a whole.

LISTING RULES REQUIREMENTS

Xuchang Cigarette Factory holds a 49% equity interest in Xuchang Yongchang JV. Xinan Tianjin holds a 29% equity interest in Hebei Yongxin JV. Chifeng Group holds a 17.91% equity interest in Chifeng Mengxin. Xuchang Cigarette Factory, Xinan Tianjin and Chifeng Group are all substantial shareholders of a subsidiary of the Company and are connected persons of the Company pursuant to Rule 14A.11(1) of the Listing Rules. The transactions under the Cigarette Packaging Agreement, the Trash Paper Agreement and the Port Agency Agreement, and the Raw Chemical Purchasing Agreements constitute continuing connected transactions of the Company under the Listing Rules.

Each of Xuchang Cigarette Factory, Xinan Tianjin and Chifeng Group has no other relationship with the Group apart from being a substantial shareholder of a subsidiary of the Company and having entered into the relevant Continuing Connected Transactions.

Xuchang Cigarette Factory, Xinan Tianjin and Chifeng Group and their respective ultimate beneficial owners are independent of and not connected with each other.

The applicable percentage ratios for transactions under (1) the Cigarette Packaging Agreement and (2) the Trash Paper Agreement and the Port Agency Agreement on an annual basis exceed 2.5%. The transactions under the Cigarette Packaging Agreement and the Trash Paper Agreement and the Port Agency Agreement constitute non-exempt continuing connected transactions of the Company under Rule 14A.35 of the Listing Rules, and are subject to the disclosure requirements under Rule 14A.45 and 14A.47 of the Listing Rules and the approval of the independent Shareholders under Rule 14A.48 of the Listing Rules.

The applicable percentage ratios for transactions under the Raw Chemical Purchasing Agreements on an annual basis exceed 0.1% but do not exceed 2.5%. The transactions under the Raw Chemical Purchasing Agreements are subject to the reporting and announcement requirements under Rules 14A.45 to 14A.47 of the Listing Rules, but are exempt from the independent Shareholders' approval requirements under Rule 14A.48 of the Listing Rules.

The Company has obtained from the companies controlled by Shanghai Industrial Investment (Holdings) Company Limited which together hold approximately 56.67% in nominal value of the securities giving the right to attend and vote at any general meeting of the Company written approvals of the transactions under the Cigarette Packaging Agreement, the Trash Paper Agreement and the Port Agency Agreement and their annual caps. These companies, namely Shanghai Investment Holdings Limited (holding 468,066,000 Shares, SIIC Capital (B.V.I.) Limited (holding 80,000,000 Shares) and SIIC CM Development Limited (holding 10,000 Shares) are all wholly-owned subsidiaries of Shanghai Industrial Investment (Holdings) Company Limited. None of the Shareholders is materially interested in the transactions under the Cigarette Packaging Agreement, the Trash Paper Agreement and the Port Agency Agreement and, as such, none of them is required to abstain from voting if a general meeting of the Company is convened to approve the transactions under the Cigarette Packaging Agreement, the Trash Paper Agreement and the Port Agency Agreement. Pursuant to Rule 14A.43 of the Listing Rules, the Company has applied to the Stock Exchange for a waiver from the requirement to hold a general meeting of the Shareholders and permission for the independent Shareholders' approval of the transactions under the Cigarette Packaging Agreement, the Trash Paper Agreement and the Port Agency Agreement and their annual caps to be given in writing.

The board of Directors has appointed the Independent Board Committee to consider and advise the independent Shareholders on the terms of the Cigarette Packaging Agreement, the Trash Paper Agreement and the Port Agency Agreement and the annual caps relating thereto, and the Independent Financial Adviser to advise the Independent Board Committee. A circular containing, among other things, details of the Cigarette Packaging Agreement, the Trash Paper Agreement and the Port Agency Agreement, the recommendation of the Independent Board Committee, and an advice of the Independent Financial Adviser on whether the Continuing Connected Transactions are fair and reasonable and in the interest of the Company and the Shareholders as a whole will be issued to the Shareholders as soon as practicable.

GENERAL

The Company and its subsidiaries are principally engaged in the business of infrastructure facilities, medicine, consumer products and information technology.

Xuchang Cigarette Factory is principally engaged in the manufacture and sale of cigarette products.

Xinan Tianjin is principally engaged in trading of trash paper materials.

Chifeng Group is principally engaged in the research and development, manufacture and sale of raw pharmaceutical.

As at the date of this announcement, the Board of Directors of the Company comprises nine Executive Directors, namely, Mr. CAI Lai Xing, Mr. QU Ding, Mr. LU Ming Fang, Mr. LU Da Yong, Mr. DING Zhong De, Mr. LU Shen, Mr. QIAN Shi Zheng, Mr. YAO Fang and Mr. TANG Jun; three Independent Non-executive Directors, namely, Dr. LO Ka Shui, Prof. WOO Chia-Wei and Mr. LEUNG Pak To, Francis.

DEFINITIONS

"Agreements"	the Cigarette Packaging Agreement, the Trash Paper Agreement and the Port Agency Agreement and the Raw Chemical Purchasing Agreements
"Chifeng Aike"	赤峰艾克製藥科技股份有限公司, Chifeng Aike Pharmaceutical Technology Co., Ltd.*, a limited liability company incorporated in the PRC which carries on the business of manufacture and sale of raw pharmaceutical
"Chifeng Keyuan"	赤峰科元投資發展有限公司, Chifeng Keyuan Investment and Development Co., Ltd.*, a limited liability company incorporated in the PRC which carries on the business of investment
"Chifeng Mengxin"	赤峰蒙欣藥業有限公司 Chifeng Mengxin Pharmaceutical Co., Ltd.*, a limited liability company incorporated in the PRC which carries on the business of manufacture and sale of medicine
"Chifeng Group"	赤峰製藥(集團)有限責任公司 Chifeng Pharmaceutical (Group) Co., Ltd.*, a limited liability company incorporated in the PRC which carries on the business of research and development, manufacture and sale of raw pharmaceutical
"Cigarette Packaging Agreement"	the agreement dated 1st September 2005 between Xuchang Cigarette Factory and Xuchang Yongchang JV for the sale and purchase of cigarette paper materials and cigarette box packaging materials, further details of which are set out in this announcement
"Company"	Shanghai Industrial Holdings Limited, a company incorporated in Hong Kong with limited liability, whose shares are listed on the Stock Exchange
"Continuing Connected Transactions"	the Cigarette Packaging Agreement, the Trash Paper Agreement and the Port Agency Agreement and the Raw Chemical Purchasing Agreements and the transactions contemplated thereunder
"Directors"	directors of the Company
"Group"	the Company and its subsidiaries
"Hebei Yongxin JV"	河北永新紙業有限公司 (Hebei Yongxin Paper Co., Ltd.*), a limited liability company incorporated in the PRC the equity interest of which is indirectly owned by the Company as to 66% and which carries on the business of paper printing and packaging materials
"Hong Kong"	the Hong Kong Special Administrative Region of the PRC
"Independent Board Committee"	an independent committee of the board of Directors comprising Dr. Lo Ka Shui, Prof. Woo Chia-Wei and Mr. Leung Pak To, Francis

"Independent Financial Adviser"	G.K. Goh Securities (HK) Limited, the independent financial adviser appointed to advise on the Continuing Connected Transactions
"Independent Third Parties"	parties independent of and not connected with the Directors, chief executive and substantial shareholders of the Group and their respective associates
"Listing Rules"	the Rules Governing the Listing of Securities on the Stock Exchange
"PRC"	the People's Republic of China
"Port Agency Agreement"	the agreement dated 1st September 2005 between Xinan Tianjin and Hebei Yongxin JV for the provision of cargo management services, further details of which are set out in this announcement
"Raw Chemical Purchasing Agreements"	the agreements dated 1st September 2005 between each of Chifeng Group and Chifeng Mengxin and Chifeng Aike for the sale and purchase of raw chemical for the production of medicine and raw pharmaceutical respectively, further details of which are set out in this announcement
"RMB"	Renminbi, the lawful currency of the PRC
"Shares"	Shares of HK$0.10 each in the capital of the Company
"Shareholder(s)"	holder(s) of the share(s) in the capital of the Company
"Stock Exchange"	The Stock Exchange of Hong Kong Limited
"Tianjin Tianan"	天津市天南工貿有限公司 (Tianjin Tianan Trading Co., Ltd.*), incorporated in the PRC
"Trash Paper Agreement"	the agreement dated 1st September 2005 between Xinan Tianjin and Hebei Yongxin JV for the sale and purchase of trash paper materials, for the details of which are set out in this announcement
"Xinan Tianjin"	新南(天津)紙業有限公司 (Xinan (Tianjin) Paper Co., Ltd.*), incorporated in the PRC
"Xuchang Cigarette Factory"	許昌捲煙總廠 (Xuchang Cigarette Factory*), a State-owned enterprise incorporated in the PRC
"Xuchang Yongchang JV"	許昌永昌印務有限公司 (Xuchang Yongchang Printing Co., Ltd.*), a limited liability company incorporated in the PRC, the equity interest of which is indirectly owned by the Company as to 51% and which carries on the business of printing and packaging materials
"Wing Fat Printing"	The Wing Fat Printing Company, Limited, a company incorporated in Hong Kong and owned by the Company as to 93.44%
"HK$" or "HK dollars"	Hong Kong dollars, the lawful currency of Hong Kong

For the purposes of this announcement, the exchange rate of HK$1 = RMB1.04 has been used where applicable, (except for historical figures for transaction amounts for which the exchange rate of HK$1 = RMB1.06 has been used), for purpose of illustration only and does not constitute a representation that any amount has been, could have been or may be exchanged at any particular rate on the date or dates in question or any other date.

By Order of the Board
Shanghai Industrial Holdings Limited
Wong Mei Ling, Marina
Company Secretary

Hong Kong, 1st September 2005

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

Please also refer to the published version of this announcement in ***(South China Morning Post)***