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## **THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ACTION**

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**If you are in any doubt** as to any aspect of this circular or as to the action to be taken, you should consult your stockbroker or other registered dealer in securities, bank manager, solicitor, professional accountant or other professional adviser.

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**上海實業控股有限公司**

**SHANGHAI INDUSTRIAL HOLDINGS LIMITED**

*(Incorporated in Hong Kong with limited liability)*

**(Stock Code: 363)**

## **DISCLOSEABLE TRANSACTION**

### **ACQUISITION OF AN ADDITIONAL SHAREHOLDING INTEREST IN BRIGHT DAIRY & FOOD CO., LTD.**

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A letter from the board of directors of Shanghai Industrial Holdings Limited is set out on pages 3 to 8 of this circular.

5th November 2007

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## CONTENTS

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|  | <i>Page</i> |
|--|-------------|
| <b>Definitions</b> .....   | 1           |
| <b>Letter from the Board</b>   |             |
| 1. Introduction .....  | 3           |
| 2. The Agreement .....   | 4           |
| 3. Assets to be Acquired .....   | 4           |
| 4. Consideration .....   | 5           |
| 5. Completion .....  | 6           |
| 6. Agreement with Shanghai Dairy in relation to<br>Exercise of Voting Rights in Bright Dairy ..... | 6           |
| 7. Reasons for the Acquisition .....   | 7           |
| 8. Financial Effects .....   | 7           |
| 9. Information on Bright Dairy .....   | 8           |
| 10. General .....  | 8           |
| 11. Additional Information .....   | 8           |
| <b>Appendix – General Information</b> .....  | 9           |

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## DEFINITIONS

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*In this circular, the following expressions have the following meanings unless the context requires otherwise:*

| <b>Terms</b>              | <b>Meaning</b>  |
|---------------------------|---|
| “2006 Dividend”           | the final dividend of RMB0.10 per share of Bright Dairy for the year ended 31st December 2006 in respect of the Sale Shares, totaling RMB10,424,135 (equivalent to approximately HK\$10,858,000)  |
| “Acquisition”             | the acquisition of the Sale Shares pursuant to the Agreement  |
| “Agreement”               | a sale and purchase agreement in respect of the Sale Shares dated 15th October 2007 entered into between SIFP and the Vendor  |
| “Board”                   | the board of Directors  |
| “Bright Dairy”            | Bright Dairy & Food Co., Ltd. (光明乳業股份有限公司), a limited liability company established under the laws of the PRC owned as to approximately 25.171% by SIFP, and whose shares are listed and traded on the Shanghai Stock Exchange A shares market (stock code: 600597) |
| “Company”                 | Shanghai Industrial Holdings Limited, a company incorporated in Hong Kong with limited liability, whose shares are listed on the Main Board of the Stock Exchange   |
| “Completion”              | completion of the Acquisition pursuant to the Agreement   |
| “connected person(s)”     | has the meaning ascribed thereto under the Listing Rules  |
| “Director(s)”             | director(s) of the Company  |
| “Group”                   | the Company and its subsidiaries  |
| “HK\$”                    | Hong Kong dollars, the lawful currency of Hong Kong   |
| “Hong Kong”               | the Hong Kong Special Administrative Region of the PRC  |
| “Latest Practicable Date” | 1st November 2007 being the latest practicable date prior to the printing of this circular for the purpose of ascertaining certain information for inclusion in this circular   |

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## DEFINITIONS

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|                  |   |
|------------------|---|
| “Listing Rules”  | the Rules Governing the Listing of Securities on the Stock Exchange   |
| “Model Code”     | Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix 10 to the Listing Rules  |
| “PRC”            | the People’s Republic of China  |
| “RMB”            | Renminbi, the lawful currency of the PRC  |
| “Sale Shares”    | 104,241,350 shares of Bright Dairy, which represents approximately 10.005% of the total issued share capital of Bright Dairy  |
| “SFO”            | the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)   |
| “Shanghai Dairy” | Shanghai Dairy (Group) Company Limited* (上海牛奶(集團)有限公司), a shareholder of Bright Dairy currently holding approximately 25.171% of the total issued share capital of Bright Dairy |
| “Shareholder(s)” | holder(s) of the share(s) of HK\$0.10 each in the capital of the Company  |
| “SIFP”           | S.I. Food Products Holdings Limited, a limited liability company established under the laws of the British Virgin Islands and wholly-owned by the Company                       |
| “SIIC”           | Shanghai Industrial Investment (Holdings) Co. Ltd., a company incorporated under the laws of Hong Kong with limited liability   |
| “Stock Exchange” | The Stock Exchange of Hong Kong Limited   |
| “USD”            | United States Dollars, the lawful currency of the United States of America  |
| “Vendor”         | Danone Asia Pte. Ltd., a company incorporated in the Republic of Singapore  |

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

*For the purposes of this circular, the exchange rate at HK\$1 = RMB0.96 has been used, where applicable, 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.*

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## LETTER FROM THE BOARD

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上海實業控股有限公司

SHANGHAI INDUSTRIAL HOLDINGS LIMITED

*(Incorporated in Hong Kong with limited liability)*

**(Stock Code: 363)**

*Executive Directors:*

Mr. Cai Lai Xing (*Chairman*)

Mr. Cai Yu Tian (*Vice Chairman and Chief Executive Officer*)

Mr. Qu Ding (*Vice Chairman and Executive Deputy CEO*)

Mr. Lu Ming Fang

Mr. Ding Zhong De

Mr. Qian Shi Zheng (*Deputy CEO*)

Mr. Yao Fang

Mr. Tang Jun

*Registered office:*

26th Floor

Harcourt House

39 Gloucester Road

Wanchai

Hong Kong

*Independent Non-executive Directors:*

Dr. Lo Ka Shui

Prof. Woo Chia-Wei

Mr. Leung Pak To, Francis

5th November 2007

*To the Shareholders*

Dear Sir or Madam,

### **DISCLOSEABLE TRANSACTION**

#### **ACQUISITION OF AN ADDITIONAL SHAREHOLDING INTEREST IN BRIGHT DAIRY & FOOD CO., LTD.**

#### **1. INTRODUCTION**

The Board announced on 15th October 2007 that SIFP, a wholly-owned subsidiary of the Company, entered into the Agreement with the Vendor, pursuant to which SIFP has conditionally agreed to acquire and the Vendor has conditionally agreed to sell the Sale Shares for a total cash consideration of RMB477,425,383 (equivalent to approximately HK\$497,318,000).

Bright Dairy is engaged in the manufacture, distribution and sale of dairy and related products. Bright Dairy is currently owned by SIFP as to approximately 25.171% of its total issued share capital. After the Completion, Bright Dairy will be owned by SIFP as to approximately 35.176% of its total issued share capital.

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## LETTER FROM THE BOARD

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As the revenue ratio of the Acquisition exceeds 5% but is less than 25%, the Acquisition constitutes a discloseable transaction for the Company under Chapter 14 of the Listing Rules. The Company is required by the Listing Rules to issue this circular to provide the Shareholders with further information on such transactions and to give other information in relation to the Company.

### 2. THE AGREEMENT

#### Date

15th October 2007

#### Parties

Purchaser: SIFP

Vendor: Danone Asia Pte. Ltd.

### 3. ASSETS TO BE ACQUIRED

The Sale Shares, representing approximately 10.005% of the total issued share capital of Bright Dairy. Under the Agreement, subject to Completion, SIFP shall be entitled to the dividends declared or distributions in respect of the Sale Shares for the year ended 31st December 2006 and beyond.

As the 2006 Dividend (totaling RMB10,424,135 (equivalent to approximately HK\$10,858,000)) had already been distributed to the Vendor in mid-2007, such distributed amount shall be deducted from the consideration payable by SIFP to the Vendor.

Pursuant to the share reform plan of Bright Dairy which took place in 2006, SIFP has undertaken that the shares held by it in the capital of Bright Dairy shall be subject to the following trading restrictions during a period of 48 months from 10th October 2006 ("Conversion Date"), being the date all non-freely transferable shares of Bright Dairy were converted into freely transferable A shares pursuant to its share reform plan:

- (1) within the first 12 months from the Conversion Date, the shares held in Bright Dairy may not be transferred;
- (2) the shares held in Bright Dairy may not be traded on the Shanghai Stock Exchange within 24 months from the Conversion Date;
- (3) upon expiration of the said 24-month restriction period in sub-paragraph 2 above, the shares held in Bright Dairy which amount to not more than 5% of the total issued share capital of Bright Dairy may be traded on the Shanghai Stock Exchange in the next 12 months; and the shares held in Bright Dairy which amount to not more than 10% of the total issued share capital of Bright Dairy may be traded on the Shanghai Stock Exchange in the next 24 months.

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## LETTER FROM THE BOARD

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In addition, in accordance with the requirements under the Administrative Measures for Takeovers of Publicly Listed Companies (上市公司收購管理辦法) promulgated by the China Securities Regulatory Committee (中國證券監督管理委員會), SIFP shall undertake that it shall not transfer the shares which it holds in Bright Dairy within 12 months after completion of the Acquisition.

#### 4. CONSIDERATION

The total consideration for the sale and purchase of the Sale Shares is RMB477,425,383 (equivalent to approximately HK\$497,318,000), which shall be satisfied by SIFP in USD in cash (after deducting the 2006 Dividend) after the execution of the Agreement and in any event not later than 22nd October 2007 (or such later date as may be requested by the Vendor).

From the date of payment of the consideration of the Acquisition by SIFP:

- (i) the Vendor shall delegate in writing the exercise of all voting rights of the Sale Shares to SIFP until the date of registration of SIFP as the lawful registered owner of the Sale Shares (or the termination of the Agreement or as requested by the Vendor in the event of a material breach of the Agreement by SIFP if earlier); and
- (ii) the Vendor shall procure that the director on the board of Bright Dairy nominated by itself shall grant a proxy in writing to one of the directors nominated by SIFP to exercise voting rights on behalf of the director nominated by the Vendor, until such director ceases to be a director of Bright Dairy (or the termination of the Agreement or as requested by the Vendor in the event of a material breach of the Agreement by SIFP if earlier).

The Acquisition shall be financed by the internal resources of the Group.

The consideration for the Sale Shares has been arrived at after arm's length negotiation between SIFP and the Vendor with reference to:

- (1) the 2006 Dividend, which had already been distributed to the Vendor;
- (2) the prevailing market prices of shares in Bright Dairy as quoted on the Shanghai Stock Exchange; and
- (3) the price paid by the Vendor to, inter alia, SIFP, in its acquisition of shareholding interest in Bright Dairy when Bright Dairy underwent its share reform in 2006.

The total consideration is equivalent to RMB4.58 per Sale Share and represents:

- (1) a discount of 69.53% on the closing price per share of Bright Dairy as quoted on the Shanghai Stock Exchange on 12th October 2007, the trading day prior to the date of the Agreement;
- (2) a discount of 67.19% on the average closing price per share of Bright Dairy as quoted on the Shanghai Stock Exchange on the 30 trading days prior to the date of the Agreement;

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## LETTER FROM THE BOARD

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- (3) a premium of approximately 220% over the audited net asset value per share of Bright Dairy as at 31st December 2006; and
- (4) a premium of approximately 12.8% over the consideration per share of RMB4.06 for the transfer of 44,099,410 non-tradable shares of Bright Dairy from SIFP to the Vendor under the share reform plan of Bright Dairy in 2006.

### 5. COMPLETION

Completion of the Agreement is conditional upon production of the following:

- 1. evidence that Bright Dairy and Compagnie Gervais Danone (a fellow subsidiary of the Vendor) have entered into a termination agreement (the “**Termination Agreement**”) to terminate an agreement for Compagnie Gervais Danone to license trademark and technology to Bright Dairy dated 17th September 2001 and amended on 17th August 2006, and evidence that the Termination Agreement has been approved by the board of directors and the shareholders of Bright Dairy or has otherwise come into effect;
- 2. written approval, waiver and/or letter of no-objection from the Ministry of Commerce (中國商務部), the China Securities Regulatory Committee (中國證券監督管理委員會) and other relevant authorities (where applicable) in respect of the transfer of the Sale Shares under the Agreement; and
- 3. written resolution of the board of directors of Bright Dairy approving the transfer of the Sale Shares from the Vendor to SIFP.

SIFP and the Vendor shall use their reasonable efforts to satisfy the conditions above not later than 31st December 2007 (or such other date as SIFP and the Vendor may agree). If the Acquisition cannot be completed by 30th June 2008 due to reasons other than the breach by either SIFP or the Vendor, SIFP and the Vendor shall agree in good faith on subsequent actions to be taken. SIFP and the Vendor may agree in writing on the waiver of the above conditions.

As of the Latest Practicable Date, the conditions under items 1 and 3 above had been fulfilled.

### 6. AGREEMENT WITH SHANGHAI DAIRY IN RELATION TO EXERCISE OF VOTING RIGHTS IN BRIGHT DAIRY

On the same date as the date of the Agreement, Shanghai Dairy also entered into an agreement with the Vendor to acquire shares representing an approximately 10.005% shareholding in Bright Dairy at the same consideration as that for the Acquisition. Hence, after the respective completion of the two said acquisitions (each for half of the shares in Bright Dairy held by the Vendor), the Vendor shall cease to be a shareholder of Bright Dairy.



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## LETTER FROM THE BOARD

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Shanghai Dairy and SIFP had entered into an agreement on 12th October 2007 to confirm that they will form an alliance in respect of the exercise of voting rights in Bright Dairy. Under such agreement, Shanghai Dairy and SIFP have agreed that:

- (i) any resolution to be proposed to Bright Dairy by either of them shall be coordinated and agreed with the other party in advance;
- (ii) at least 10 days before a shareholders' general meeting of Bright Dairy, both parties shall coordinate and achieve consensus in respect of the matters and resolutions to be proposed at the meeting, and shall vote in accordance with the consensus; and
- (iii) either party shall, apart from its own representatives, only appoint the other party as its agent to attend and vote at shareholders' general meetings of Bright Dairy.

To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, Shanghai Dairy and its ultimate beneficial owners are third parties independent of the Company and its connected persons.

### **7. REASONS FOR THE ACQUISITION**

Currently, the Company is holding a shareholding interest of approximately 25.171% in Bright Dairy and is one of the two largest shareholders with the same percentage shareholding in Bright Dairy. The Company is of the view that prior to the shares it held in Bright Dairy becoming fully tradable, maintaining the status quo through the acquisition of an additional shareholding interest in Bright Dairy can allow the Group to have more flexibilities to consider future strategic move. In addition, the consideration is at a relatively large discount to the current market price of the shares in Bright Dairy.

The Directors consider that the terms of the Acquisition are fair and reasonable and in the interest of the Company and the Shareholders as a whole.

### **8. FINANCIAL EFFECTS**

#### **(i) Effect on total assets**

Upon the Completion, there will be no material change to the consolidated total assets of the Group as a result of the Acquisition.

#### **(ii) Effect on total liabilities**

Upon the Completion, there will be no material change to the consolidated total liabilities of the Group as a result of the Acquisition.

#### **(iii) Effect on earnings**

Upon the Completion, an additional 10.005% of the financial results of Bright Dairy will be equity accounted for in the audited consolidated financial statements of the Group.

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## LETTER FROM THE BOARD

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### 9. INFORMATION ON BRIGHT DAIRY

Bright Dairy is engaged in the manufacture, distribution and sale of dairy and related products. Bright Dairy is currently owned by SIFP as to approximately 25.171% of its total issued share capital. After the Completion, Bright Dairy will be owned by SIFP as to approximately 35.176% of its total issued share capital. Bright Dairy is currently equity accounted for as an associate in the audited consolidated financial statements of the Group, and will continue to be so equity accounted for after the Completion.

The consolidated profit before taxation and minority interests and the consolidated profit after taxation and minority interests of Bright Dairy for the two years ended 31st December 2006, which were prepared in accordance with the generally accepted accounting principles in the PRC, were as follows:

|  | <b>Audited<br/>Year ended 31st<br/>December 2005<br/>RMB'000</b> | <b>Audited<br/>Year ended 31st<br/>December 2006<br/>RMB'000</b> |
|--|--|--|
| Consolidated profit before taxation and minority interests | 236,670  | 223,311  |
| Consolidated profit after taxation and minority interests  | 211,124  | 152,840  |

The audited net asset value and the audited total asset value of Bright Dairy as at 31st December 2006 amounted to approximately RMB2,172,495,000 (equivalent to approximately HK\$2,263,016,000) and approximately RMB3,876,974,000 (equivalent to approximately HK\$4,038,515,000) respectively.

### 10. GENERAL

The Group is principally engaged in the businesses of real estate investment, infrastructure facilities, medicine and consumer products. SIFP is an investment holding company.

The Vendor is principally engaged in investment management.

To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, the Vendor and its ultimate beneficial owners are third parties independent of the Company and its connected persons.

As the revenue ratio of the Acquisition exceeds 5% but is less than 25%, the Acquisition constitutes a discloseable transaction for the Company under Chapter 14 of the Listing Rules.

### 11. ADDITIONAL INFORMATION

Your attention is drawn to the additional information contained in the appendix to this circular.

Yours faithfully,  
For and on behalf of the Board  
**CAI LAI XING**  
*Chairman*

## 1. RESPONSIBILITY STATEMENT

This circular includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Group. The Directors collectively and individually accept full responsibility for the accuracy of information contained in this circular and confirm, having made all reasonable enquires, that to the best of their knowledge and belief there are no other facts the omission of which would make any statement herein misleading.

## 2. DISCLOSURE OF INTERESTS

- (a) As at the Latest Practicable Date, the interests or short positions of the Directors and the chief executive of the Company in the shares and underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they are taken or deemed to have under such provisions of the SFO), or which were required pursuant to Section 352 of the SFO to be entered in the register maintained by the Company referred to therein, or which were required to be notified to the Company and the Stock Exchange pursuant to the Model Code were as follows:

### (i) Interests in shares and underlying shares of the Company

#### (a) Ordinary shares of the Company

| Name of Director | Capacity         | Nature of interests | Number of issued shares held | Percentage of total issued share capital |
|------------------|------------------|---------------------|------------------------------|--|
| Cai Lai Xing     | Beneficial Owner | Personal            | 4,000,000                    | 0.37%                                    |
| Qu Ding          | Beneficial Owner | Personal            | 1,586,000                    | 0.15%                                    |
| Lu Ming Fang     | Beneficial Owner | Personal            | 1,822,000                    | 0.17%                                    |
| Ding Zhong De    | Beneficial Owner | Personal            | 650,000                      | 0.06%                                    |
| Qian Shi Zheng   | Beneficial Owner | Personal            | 469,000                      | 0.04%                                    |
| Yao Fang         | Beneficial Owner | Personal            | 100,000                      | 0.01%                                    |
| Tang Jun         | Beneficial Owner | Personal            | 30,000                       | 0.003%                                   |

All interests stated above represented long positions.

*(b) Share options of the Company*

| Name of Director | Capacity         | Date of grant      | Exercise price | Number of share options held | Percentage of total issued share capital |
|------------------|------------------|--------------------|----------------|------------------------------|--|
| Cai Lai Xing     | Beneficial Owner | 2nd September 2005 | HK\$14.89      | 800,000                      | 0.07%                                    |
| Cai Yu Tian      | Beneficial Owner | 2nd May 2006       | HK\$17.10      | 1,300,000                    | 0.12%                                    |
| Qu Ding          | Beneficial Owner | 2nd September 2005 | HK\$14.89      | 224,000                      | 0.02%                                    |
| Lu Ming Fang     | Beneficial Owner | 2nd September 2005 | HK\$14.89      | 480,000                      | 0.04%                                    |
| Ding Zhong De    | Beneficial Owner | 2nd May 2006       | HK\$17.10      | 700,000                      | 0.07%                                    |
| Qian Shi Zheng   | Beneficial Owner | 2nd September 2005 | HK\$14.89      | 200,000                      | 0.02%                                    |
| Tang Jun         | Beneficial Owner | 2nd September 2005 | HK\$14.89      | 220,000                      | 0.02%                                    |

Share options granted in 2nd September 2005 under the Company's share option scheme are exercisable during the period from 2nd March 2006 to 1st March 2009 in three batches.

Share options granted in 2nd May 2006 under the Company's share option scheme are exercisable during the period from 2nd November 2006 to 1st November 2009 in three batches.

*(ii) Interests in shares of Shanghai Industrial Pharmaceutical Investment Co. Ltd.*

| Name of Director | Capacity         | Nature of interests | Number of issued shares held | Percentage of total issued share capital |
|------------------|------------------|---------------------|------------------------------|--|
| Lu Ming Fang     | Beneficial Owner | Personal            | 23,400                       | 0.01%                                    |
| Ding Zhong De    | Beneficial Owner | Personal            | 23,400                       | 0.01%                                    |

All interests stated above represented long positions.

- (b) As at the Latest Practicable Date, so far as was known to the Directors, the interests and short positions of the persons (not being a Director or chief executive of the Company) in the shares and underlying shares of the Company which were notified to the Company and the Stock Exchange pursuant to Divisions 2 and 3 of Part XV of the SFO were as follows:

| Name of shareholder        | Capacity   | Number of<br>issued<br>ordinary<br>shares held | Percentage of<br>total issued<br>share capital |
|----------------------------|--|--|--|
| <i>(a) Long Positions</i>  |  |  |  |
| SIIC                       | Interest held by controlled corporation          | 548,076,000<br><i>(note (i))</i>               | 51.18%   |
| Morgan Stanley             | Interest held by controlled corporations         | 70,429,278                                     | 6.58%  |
| JPMorgan Chase & Co.       | Beneficial Owner                                 | 1,259,000                                      | 0.12%  |
|                            | Investment Manager                               | 2,201,530                                      | 0.21%  |
|                            | Custodian Corporation/<br>Approved Lending Agent | 61,153,644                                     | 5.71%  |
| <i>(b) Short Positions</i> |  |  |  |
| SIIC                       | Interest held by controlled corporations         | 87,653,993<br><i>(note (ii))</i>               | 8.19%  |
| Morgan Stanley             | Interest held by controlled corporations         | 23,236,648                                     | 2.17%  |
| JPMorgan Chase & Co.       | Beneficial Owner                                 | 400,000  | 0.04%  |

*Notes:*

- (i) SIIC through its wholly-owned subsidiaries, namely Shanghai Investment Holdings Ltd., SIIC Capital (B.V.I.) Ltd. and SIIC CM Development Ltd. held 468,066,000, 80,000,000 and 10,000 Shares respectively, and was accordingly deemed to be interested in the respective Shares held by the aforementioned companies.
- (ii) SIIC was taken to have short positions in respect of 87,653,993 underlying shares of the Company under certain listed equity derivatives pursuant to the Zero Coupon Guaranteed Exchangeable Bonds issued by Shanghai Industrial Investment Treasury Co. Ltd. due March 2009 unconditionally and irrevocably guaranteed by SIIC and exchangeable into ordinary shares of the Company.

- (c) As at the Latest Practicable Date, so far as was known to the Directors, the following Directors are also directors or employees of SIIC:

| Name of Director   | Position held in SIIC  |
|--------------------|--|
| Mr. Cai Lai Xing   | Chairman   |
| Mr. Cai Yu Tian    | Executive Director and President   |
| Mr. Qu Ding        | Executive Director and Executive Vice President  |
| Mr. Lu Ming Fang   | Executive Director   |
| Mr. Ding Zhong De  | Executive Director   |
| Mr. Qian Shi Zheng | Vice President and General Manager of Finance and Planning Department  |
| Mr. Tang Jun       | General Manager of the Internal Audit Department and Deputy General Manager of Finance and Planning Department |

- (d) As at the Latest Practicable Date, so far as was known to the Directors, the following persons and companies (other than members of the Group) were directly or indirectly interested in 10% or more of the issued share capital carrying rights to vote in all circumstances at general meetings of the following members of the Group (other than the Company) in the following manner:

| Name of member of the Group   | Name of substantial shareholders  | Class of share capital | Percentage of registered shareholding |
|---|---|------------------------|---------------------------------------|
| Changzhou Pharmaceutical Co. Ltd.*<br>(常州藥業股份有限公司)                        | Changzhou State-owned Assets Investment Co.*<br>(常州國有資產投資經營總公司)                   | equity interest        | 23.05%                                |
| Chia Tai Qingchunbao Pharmaceutical Co. Ltd.*<br>(正大青春寶藥業有限公司)            | China (Hangzhou) Qingchunbao Group Co. Ltd.*<br>(中國(杭州)青春寶集團有限公司)                 | equity interest        | 20%                                   |
|   | Hangzhou Chia Tai Qingchunbao Staff Shareholding Association*<br>(杭州市正大青春寶職工持股協會) | equity interest        | 20%                                   |
| Chifeng Arker Pharmaceutical Technology Co. Ltd.*<br>(赤峰艾克製藥科技股份有限公司)     | Shenzhen Yigong Industrial Co. Ltd.*<br>(深圳益公實業有限公司)                              | equity interest        | 14.67%                                |
| Chifeng Mysun Pharma Co. Ltd.*<br>(赤峰蒙欣藥業有限公司)                            | Chifeng Pharmaceutical (Group) Co. Ltd.*<br>(赤峰製藥(集團)有限責任公司)                      | equity interest        | 17.91%                                |
| Guangdong Techpool Biochem Pharma Co. Ltd.*<br>(廣東天普生化醫藥股份有限公司)           | Guangzhou Bopu Biotechnology Co. Ltd.*<br>(廣州市博普生物技術有限公司)                         | equity interest        | 23.06%                                |
|   | Fu He Liang (傅和亮)   | equity interest        | 11.98%                                |
| Techpool International Pharma Co. Ltd.*<br>(廣州天普海外藥業有限公司)                 | Guangzhou Bopu Biotechnology Co. Ltd.*<br>(廣州市博普生物技術有限公司)                         | equity interest        | 27.62%                                |
| Hangzhou Huqingyutang Pharmaceutical Co. Ltd.*<br>(杭州胡慶餘堂藥業有限公司)          | Hangzhou Huqingyutang Group Co. Ltd.*<br>(杭州胡慶餘堂集團有限公司)                           | equity interest        | 44.9566%                              |
| Liaoning Herbapex Pharmaceutical (Group) Co. Ltd.*<br>(遼寧好護士藥業(集團)有限責任公司) | Medieval International Limited  | equity interest        | 15%                                   |
|   | Zheng Ji Yu (鄭繼宇)   | equity interest        | 16.47%                                |

| Name of member of the Group   | Name of substantial shareholders  | Class of share capital | Percentage of registered shareholding |
|---|---|------------------------|---------------------------------------|
| Mergen Biotech Limited  | Excellent Hope Holdings Inc.  | ordinary share         | 10.99%                                |
|   | Sino-Alliance International, Ltd  | ordinary share         | 18.6%                                 |
| Shanghai Qiyi Dental Equipment Co. Ltd.*<br>(上海奇異牙科器材有限公司)  | Shanghai Dental Materials Factory Qi Xin Operating Services Department*<br>(上海齒科材料廠奇新綜合經營服務部)       | equity interest        | 10%                                   |
| Shanghai Victor Medical Instrument Co. Ltd.*<br>(上海勝利醫療器械有限公司)  | ACCS Products Inc. USA  | equity interest        | 25%                                   |
| Shanghai Yichuang Traditional Chinese Medicine Research & Development Center Co. Ltd.*<br>(上海醫創中醫藥科研開發中心有限公司) | Shanghai University of Traditional Chinese Medicine Technological Development Co.*<br>(上海中醫大科技發展公司) | equity interest        | 45%                                   |
| Shanghai Yunhu Raw-pharmaceutical Co. Ltd.*<br>(上海雲湖醫藥藥材股份有限公司)   | Shanghai Yunhu Raw Pharmaceutical Co. Ltd. Staff Shareholding Association*<br>(上海雲湖醫藥藥材股份有限公司職工持股會) | equity interest        | 15.45%                                |
| Shanghai Yunhu Yuemin Pharmacy Co. Ltd.*<br>(上海雲湖悅民大藥房有限公司)   | Shanghai Yuanfeng Pharmacy*<br>(上海源豐藥房)   | equity interest        | 30%                                   |
| SI United Changcheng Pharmaceutical Co. Ltd.*<br>(上海實業聯合集團長城藥業有限公司)   | Jin Jiang International Holdings Co. Ltd.*<br>(錦江國際(集團)有限公司)  | equity interest        | 30%                                   |
| SI United Pharmaceutical Co. Ltd.*<br>(上海實業聯合集團製藥有限公司)  | Zhou Yi Ping (周一平)  | equity interest        | 22%                                   |
|   | Hu Zheng (許政)   | equity interest        | 17%                                   |
|   | Feng Wei (馮衛)   | equity interest        | 10%                                   |
| Xiamen Traditional Chinese Medicine Co. Ltd.*<br>(廈門中藥廠有限公司)  | Xiamen Qinggong Group Co. Ltd.*<br>(廈門輕工集團有限公司)   | equity interest        | 30%                                   |
| Chengdu Wingfat Printing Co. Ltd.*<br>(成都永發印務有限公司)  | Sichuan Swellfun Co. Ltd.*<br>(四川水井坊股份有限公司)   | equity interest        | 20%                                   |
|   | Chengdu Jiangshi Investment Co. Ltd.*<br>(成都江氏投資有限公司)   | equity interest        | 19%                                   |
|   | Sichuan Huize Investment Co. Ltd.*<br>(四川惠澤投資有限公司)  | equity interest        | 10%                                   |
| Hebei Yongxin Paper Co. Ltd.*<br>(河北永新紙業有限公司)   | Xinnan (Tianjin) Paper Co. Ltd.*<br>(新南(天津)紙業有限公司)  | equity interest        | 29%                                   |
| Xuchang Yongchang Printing Co. Ltd.   | Xuchang Cigarette Factory*<br>(許昌捲煙總廠)  | equity interest        | 20.6%                                 |
|   | Shangtou Bonded Area Jinguang Industrial Co. Ltd.*<br>(汕頭保稅區金光實業有限公司)                               | equity interest        | 28.4%                                 |

- (e) Save as disclosed above, as at the Latest Practicable Date:
- (i) so far as was known to the Directors, none of the Directors or chief executive of the Company had any interests or short positions in any shares or underlying shares or interests in debentures of the Company or any associated corporations (within the meaning of Part XV of the SFO) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they are taken or deemed to have under such provisions of the SFO), or which were required, pursuant to section 352 of the SFO, to be entered in the register referred to therein, or which were required, pursuant to the Model Code, to be notified to the Company and the Stock Exchange; and
- (ii) there was no person known to the Directors who had an interest or short position in the shares and underlying shares of the Company which would fall to be disclosed to the Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO or, was, directly or indirectly, interested in 10% or more of the nominal valued of the issued share capital carrying rights to vote in all circumstances at general meeting of any other member of the Group, or any options in respect of such capital.

### **3. DIRECTORS' INTERESTS IN CONTRACTS**

As at the Latest Practicable Date, none of the Directors had entered, or proposed to enter into a service contract with any member of the Group which is not determinable by the Group within one year without payment of compensation, other than statutory compensation.

### **4. DIRECTORS' INTERESTS IN COMPETING BUSINESS**

As at the Latest Practicable Date, so far as was known to the Directors, none of the Directors and their respective associates was considered to have interest in any business which competes or is likely to compete, either directly or indirectly, with the business of the Group or have any other conflicts of interest with the Group pursuant to the Listing Rules.

### **5. LITIGATION**

So far as the Directors are aware, neither the Company nor any of its subsidiaries was engaged in any litigation or arbitration of material importance and no litigation or arbitration of material importance was pending or threatened against the Company or any of its subsidiaries as at the Latest Practicable Date.

### **6. MISCELLANEOUS**

- (a) The registered office of the Company is at 26th Floor, Harcourt House, 39 Gloucester Road, Wanchai, Hong Kong.
- (b) The share registrar and transfer office of the Company is Tricor Secretaries Limited at 26th Floor, Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong.



- (c) The company secretary of the Company is Ms. Wong Mei Ling, Marina who is a Fellow of the Institute of Chartered Secretaries and Administrators and The Hong Kong Institute of Chartered Secretaries.
- (d) The qualified accountant of the Company is Mr. Lee Kim Fung, Edward who is a Fellow of the Association of Chartered Certified Accountants and the Hong Kong Institute of Certified Public Accountants.
- (e) In the event of any inconsistency, the English language text of this circular shall prevail over the Chinese language text.