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(Stock Code : 363)

**POSSIBLE DISCLOSEABLE TRANSACTION AND  
MATERIAL DILUTION OF  
INTEREST IN A MAJOR SUBSIDIARY IN RELATION  
TO THE PROPOSED SPIN-OFF AND SEPARATE LISTING OF  
THE WING FAT PRINTING COMPANY, LIMITED  
ON THE MAIN BOARD OF  
THE STOCK EXCHANGE OF HONG KONG LIMITED,  
CONTINUING CONNECTED TRANSACTIONS  
AND  
ADOPTION OF SHARE OPTION SCHEME OF  
THE WING FAT PRINTING COMPANY, LIMITED**

Reference is made to the announcement of the Company dated 29th August 2007 whereby the Board announced that WF Printing had submitted an advance booking form to the Stock Exchange in relation to the separate listing of, and permission to deal in, the WF Shares on the Main Board of the Stock Exchange. The Proposed Spin-off, if proceeded, will be effected in compliance with PN15 of the Listing Rules.

The issued ordinary share capital of WF Printing is indirectly owned as to approximately 93.44% by the Company through its wholly-owned subsidiary S.I. Printing. According to Rule 13.36 of the Listing Rules, WF Printing is a major subsidiary of the Company. The Proposed Spin-off may constitute a material dilution of the Company's interest in WF Printing (as defined under Rule 13.36 of the Listing Rules) since after completion of the Proposed Spin-off and assuming the exercise of the Over-allotment Option in full, the Company's interest in WF Printing will be diluted to the extent of 5% or more as determined under the revenue tests pursuant to Rule 14.07 of the Listing Rules. As such, the Proposed Spin-off will be made conditional upon the approval of the Shareholders pursuant to paragraph 3(e)(1)(ii) of PN15. No Shareholder is required to abstain from voting in respect of the resolution to be proposed at the Extraordinary General Meeting to approve the Proposed Spin-off. The Independent Board Committee had been appointed

to advise the Shareholders in respect of, *inter alia*, the Proposed Spin-off and Commerzbank had been appointed to advise the Independent Board Committee and the Shareholders in respect of, *inter alia*, the Proposed Spin-off.

The Proposed Spin-off will also constitute a discloseable transaction for the Company under Chapter 14 of the Listing Rules in the event that the Over-allotment Option is exercised.

In connection with the Proposed Spin-off, the Preferential Offer will be made to the Qualifying Shareholders and WF Printing will adopt the WF Scheme. Since WF Printing is a subsidiary of the Company, Shareholders' approval is also required for the adoption of the WF Scheme.

The Continuing Connected Transactions had in the past been entered into by members of the WF Group with substantial shareholders of WF Printing's PRC subsidiaries which are of a continuing nature and constitute continuing connected transactions of the Group under the Listing Rules and had previously been disclosed by the Company in accordance with the Listing Rules. It is envisaged that these Continuing Connected Transactions will continue after completion of the Proposed Spin-off and will therefore continue to be subject to, among other things, the connected transactions requirements under Chapter 14A of the Listing Rules. The Independent Board Committee had been appointed to advise the Shareholders in respect of, *inter alia*, the Continuing Connected Transactions and Commerzbank had been appointed to advise the Independent Board Committee and the Shareholders in respect of, *inter alia*, the Continuing Connected Transactions.

A circular containing, among other things, particulars of the Proposed Spin-Off, the Preferential Offer, the Continuing Connected Transactions and the WF Scheme, a letter of advice from the Independent Board Committee to the Shareholders, a letter of advice from Commerzbank to the Independent Board Committee and the Shareholders as well as a notice convening the Extraordinary General Meeting and the form of proxy for use at the Extraordinary General Meeting will be dispatched to the Shareholders.

**Shareholders and potential investors should note that the Proposed Spin-off is subject to, among others, the conditions referred to in this announcement, the decision of the Board as well as market conditions prevailing at the time immediately before the Proposed Spin-off. In particular, there is no assurance that approval from the Stock Exchange will be granted. As the Proposed Spin-off and the Preferential Offer may or may not proceed, Shareholders and potential investors are advised to exercise caution when dealing in the securities of the Company.**

## INTRODUCTION

The Board announced that WF Printing had on 29th August 2007 submitted an advance booking form to the Stock Exchange in relation to the Proposed Spin-off and had on 7th November 2007 submitted a formal application to the Stock Exchange for the separate listing of, and permission to deal in, the WF Shares in issue and to be issued pursuant to the Global Offering, the Capitalisation Issue and the WF Scheme on the Main Board of the Stock Exchange. No action has been taken or will be taken to permit a public offering of the WF Shares in any jurisdiction other than Hong

Kong.

The Proposed Spin-off, if proceeded, will be effected in compliance with PN15 of the Listing Rules.

WF Printing is a public company incorporated in Hong Kong in 1920 and its issued ordinary share capital is indirectly owned as to approximately 93.44% by the Company through its wholly-owned subsidiary S.I. Printing. According to Rule 13.36 of the Listing Rules, WF Printing is a major subsidiary of the Company. The Proposed Spin-off may constitute a material dilution of the Company's interest in WF Printing (as defined under Rule 13.36 of the Listing Rules) since after completion of the Proposed Spin-off and assuming the exercise of the Over-allotment Option in full, the Company's interest in WF Printing will be diluted to the extent of 5% or more as determined under the revenue tests pursuant to Rule 14.07 of the Listing Rules. As such, the Proposed Spin-off will be made conditional upon the approval of the Shareholders pursuant to paragraph 3(e)(1)(ii) of PN15. No Shareholder is required to abstain from voting in respect of the resolution to be proposed at the Extraordinary General Meeting to approve the Proposed Spin-off. The Independent Board Committee had been appointed to advise the Shareholders in respect of, *inter alia*, the Proposed Spin-off and Commerzbank had been appointed to advise the Independent Board Committee and the Shareholders in respect of, *inter alia*, the Proposed Spin-off.

The Proposed Spin-off will also constitute a discloseable transaction for the Company under Chapter 14 of the Listing Rules in the event that the Over-allotment Option is exercised.

Assuming that the Over-allotment Option is not exercised, S.I. Printing will be interested in approximately 65.41% of the enlarged total issued share capital of WF Printing immediately following completion of the Proposed Spin-off.

In connection with the Proposed Spin-off, the Preferential Offer will be made to the Qualifying Shareholders and WF Printing will adopt the WF Scheme. Since WF Printing is a subsidiary of the Company, Shareholders' approval is also required for the adoption of the WF Scheme.

The Continuing Connected Transactions had in the past been entered into by members of the WF Group with substantial shareholders of WF Printing's PRC subsidiaries which are of a continuing nature. These Continuing Connected Transactions are continuing connected transactions of the Group under the Listing Rules and had previously been disclosed by the Company in accordance with the Listing Rules. It is envisaged that these transactions will continue after completion of the Proposed Spin-off and will therefore continue to be subject to, among other things, the connected transactions requirements under Chapter 14A of the Listing Rules. The Independent Board Committee had been appointed to advise the Shareholders in respect of, *inter alia*, the Continuing Connected Transactions and Commerzbank had been appointed to advise the Independent Board Committee and the Shareholders in respect of, *inter alia*, the Continuing Connected Transactions.

The Company will convene the Extraordinary General Meeting at which an ordinary resolution will be proposed to approve, if thought fit, the Proposed Spin-Off and the WF Scheme. A circular containing, among other things, particulars of the Proposed Spin-Off, the Preferential Offer, the Continuing Connected Transactions and the WF Scheme, a letter of advice from the Independent

Board Committee to the Shareholders, a letter of advice from Commerzbank to the Independent Board Committee and the Shareholders as well as a notice convening the Extraordinary General Meeting and the form of proxy for use at the Extraordinary General Meeting will be dispatched to the Shareholders.

**Shareholders and potential investors should note that the Proposed Spin-off is subject to, among others, the conditions referred to in this announcement, the decision of the Board as well as market conditions prevailing at the time immediately before the Proposed Spin-off. In particular, there is no assurance that approval from the Stock Exchange will be granted. As the Proposed Spin-off and the Preferential Offer may or may not proceed, Shareholders and potential investors are advised to exercise caution when dealing in the securities of the Company.**

## **THE PROPOSED SPIN-OFF**

### **(1) The Proposed Spin-off**

The final structure (including the price range) of the Proposed Spin-off has not yet been concluded and will be determined by the Directors, the directors of WF Printing and the Global Coordinator in due course. However, the Proposed Spin-off is proposed to be effected by way of the Global Offering, which will comprise the Public Offer and the Placing (including the Preferential Offer), and will be accompanied by a separate listing of the WF Shares on the Main Board of the Stock Exchange. The Proposed Spin-off will also include an Over-allotment Option to be granted to the Global Coordinator on behalf of the placing underwriters to require WF Printing to allot and issue up to an aggregate of 15% of the WF Shares initially to be offered for subscription under the Global Offering. It is intended that the Qualifying Shareholders will be provided with an Assured Entitlement to WF Shares by way of preferred application in the Global Offering, particulars of which are set out in the section titled “Preferential Offer” below.

The new WF Shares to be issued pursuant to the Global Offering will rank *pari passu* in all respects with the other WF Shares then in issue and there is no restriction on the subsequent sale of such WF Shares on the Stock Exchange.

The Proposed Spin-off will be subject to, among others, the following conditions:

- (a) the Listing Committee granting listing of, and permission to deal in, the WF Shares in issue and to be issued pursuant to the Proposed Spin-off;
- (b) the obligations of the Underwriters under the Underwriting Agreements becoming unconditional and the Underwriting Agreements not being terminated in accordance with their respective terms or otherwise, on or before the date and time to be specified therein; and
- (c) the passing of a resolution at the Extraordinary General Meeting by the Shareholders approving the Proposed Spin-off.

If any of these and other applicable conditions are not fulfilled or waived prior to the dates and times to be specified, the Global Offering and the Proposed Spin-off will lapse, the Stock Exchange will be notified immediately and an announcement will be published by the Company and/or WF Printing as soon as practicable following such lapse.

The Proposed Spin-off will not proceed if such conditions are not satisfied.

## **(2) Separate Listing of WF Shares**

The Shares will continue to be listed on the Stock Exchange after the implementation of the Proposed Spin-off. The listing of the WF Shares on the Stock Exchange is conditional upon, among others, the conditions stated in paragraph (1) above.

An application has been made to the Stock Exchange for the listing of and permission to deal in WF Shares in issue and any new WF Shares to be issued pursuant to the Global Offering including any WF Shares that may be issued pursuant to the exercise of the Over-allotment Option, any WF Shares that may be issued pursuant to the Capitalisation Issue and any new WF Shares that may be issued pursuant to the exercise of options under the WF Scheme. The Directors confirm that the Company complies with all the requirements under PN15 with respect to the Proposed Spin-off.

Subject to the granting of the listing of, and permission to deal in, the WF Shares on the Stock Exchange as well as compliance with the stock admission requirements of HKSCC, the WF Shares will be accepted as eligible securities by HKSCC, for deposit, clearance and settlement in CCASS with effect from the date of listing of the WF Shares or such other date as may be determined by HKSCC. Settlement of transactions between participants of the Stock Exchange on any trading day is required to take place in CCASS on the second trading day thereafter. All activities under CCASS are subject to the General Rules of CCASS and CCASS Operational Procedures in effect from time to time.

## **(3) Businesses of the Remaining Group and of the WF Group**

The Remaining Group is principally engaged in the business of real estate investment, infrastructure facilities (including water services and toll roads), medicine (including Chinese medicine and health food, biomedicine, chemical medicine and medical equipment) and consumer products (other than the printing of packaging materials, containerboard production and paper trading business).

WF Printing is a public company incorporated in Hong Kong in 1920 and its issued ordinary share capital is indirectly owned as to approximately 93.44% by the Company. The business of the WF Group focuses on (1) quality printing of packaging materials in Hong Kong and various provinces in the PRC principally for cigarettes, alcohol, pharmaceuticals, cosmetics and a range of other consumer products, and (2) production of containerboard in Hebei Province, the PRC for manufacture of corrugated boxes and other packaging boxes by its customers. In addition, the WF Group engages in paper trading, which involves sales of printing and recovered paper, among others. The WF Group's printing business is headquartered in Hong Kong with 7 production bases in Hong Kong and a number of major provinces in the PRC, namely, Guangdong Province, Henan Province, Zhejiang Province and Sichuan Province. All of the Group's printing,

containerboard production and paper trading businesses are conducted through the WF Group.

Upon completion of the Proposed Spin-off, the Company will remain an indirect controlling shareholder of WF Printing, holding approximately 65.41% of its enlarged issued share capital (assuming that the Over-allotment Option is not exercised) through S.I. Printing.

Upon completion of the Proposed Spin-off, WF Printing will remain as a subsidiary of the Company and its financial results will continue to be consolidated into the Group's results.

Set out below is a brief summary of the audited consolidated results of the WF Group for each of the three years ended 31st December 2006 and the unaudited consolidated results of the WF Group for the six months ended 30th June 2006 and 2007 respectively:

	<b>Year ended 31st December</b>			<b>Six months ended 30th June</b>	
	<i>2004</i>	<i>2005</i>	<i>2006</i>	<i>2006</i>	<i>2007</i>
	<i>HK\$</i>	<i>HK\$</i>	<i>HK\$</i>	<i>HK\$</i>	<i>HK\$</i>
	<i>million</i>	<i>million</i>	<i>million</i>	<i>million</i>	<i>million</i>
				<i>(unaudited)</i>	<i>(unaudited)</i>
Revenue	530.58	945.27	1,400.44	697.85	775.94
Share of results of associates	38.13	33.61	43.31	20.00	17.33
Share of (losses) profits of jointly controlled entities	(9.41)	5.75	---	---	---
Profits before taxation	145.29	146.67	181.11	93.75	117.39
Income tax expense	(19.31)	(10.70)	(7.67)	(3.98)	(10.86)
Minority interests	(9.95)	(10.46)	(24.89)	(17.77)	(20.57)
Profits attributable to WF Shareholders	116.03	125.51	148.55	72.00	85.96

#### **(4) Reasons for and benefits of the Proposed Spin-off**

The Company considers that the spin-off and separate listing of WF Printing on the Main Board of the Stock Exchange could better reflect the value of the WF Group on its own merits and increase its operational and financial transparency through which investors would be able to appraise and assess the performance and potential of the WF Group separately and distinctly from those of the Company.

The business of the WF Group has also grown to a size sufficient to command a separate listing status and the Directors consider that such listing will be beneficial to the Company for the following reasons:

- (a) it enables the Company to focus on and further develop its remaining business and deploy its capital more efficiently by providing the Company with the flexibility to raise funds from the capital markets in future to support its growth through continuing organic expansion as well as acquisitions and enabling the WF Group to take advantage of its growth potential by attracting new investors who are seeking investments in the industries of printing of

packaging materials, containerboard production and paper trading businesses; and

- (b) the value of the WF Group is expected to be enhanced through the Proposed Spin-off given that:
- (i) a listing on the Stock Exchange will enhance WF Printing's profile amongst its customers, suppliers and other business partners, as well as its ability to recruit good talents available;
  - (ii) a listing on the Stock Exchange will enable WF Printing to directly and independently access both equity and debt capital markets, as well as facilitate it to secure bank credit facilities;
  - (iii) following the Proposed Spin-off, WF Printing, as a listed company, would be able to offer an equity based incentive program (such as a share option scheme) that correlates directly to the performance of its own business to its employees and would therefore be in a better position to motivate its employees with incentive programs that closely align with the objective of shareholder value creation;
  - (iv) the independent listing of WF Printing will lead to a more direct alignment of its management's responsibilities and accountability with its operating and financial performance. This is expected to result in enhanced management focus, which should in turn lead to improved decision-making processes, faster response-time to market changes and increased operational efficiency. The top management of WF Printing will be under heightened scrutiny from the investor community and it will be possible to measure their performance against the stock market performance of WF Printing relative to its industry peers listed on the Stock Exchange. It will also be possible to link management incentives to such performance, thereby increasing management motivation and commitment; and
  - (v) a listing on the Stock Exchange will also provide clarity of the credit profile of the WF Group for rating agencies and financial institutions that wish to analyse and lend against the credit of a service provider and material supplier in the packing printing and containerboard production industry.

S.I. Printing is expected to remain as a controlling shareholder of WF Printing after completion of the Proposed Spin-off, and the Group is expected to benefit from any enhanced value of the WF Group through the Proposed Spin-off.

#### **(5) Intended use of proceeds**

It is currently intended that the net proceeds from the Global Offering be used to implement future plans of the WF Group, to improve its overall financial position and to provide additional working capital for the WF Group. Based on the current proposed offer size and structure of the Global Offering and assuming that the Over-allotment Option is not exercised, it is currently expected that the estimated net proceeds from the Global Offering to be no less than approximately HK\$708

million. The actual amount of the net proceeds from the Global Offering, however, may differ from such estimated figures depending on, among others, the actual pricing and actual listing expenses incurred. WF Printing currently intends to apply the net proceeds from the Global Offering as follows:

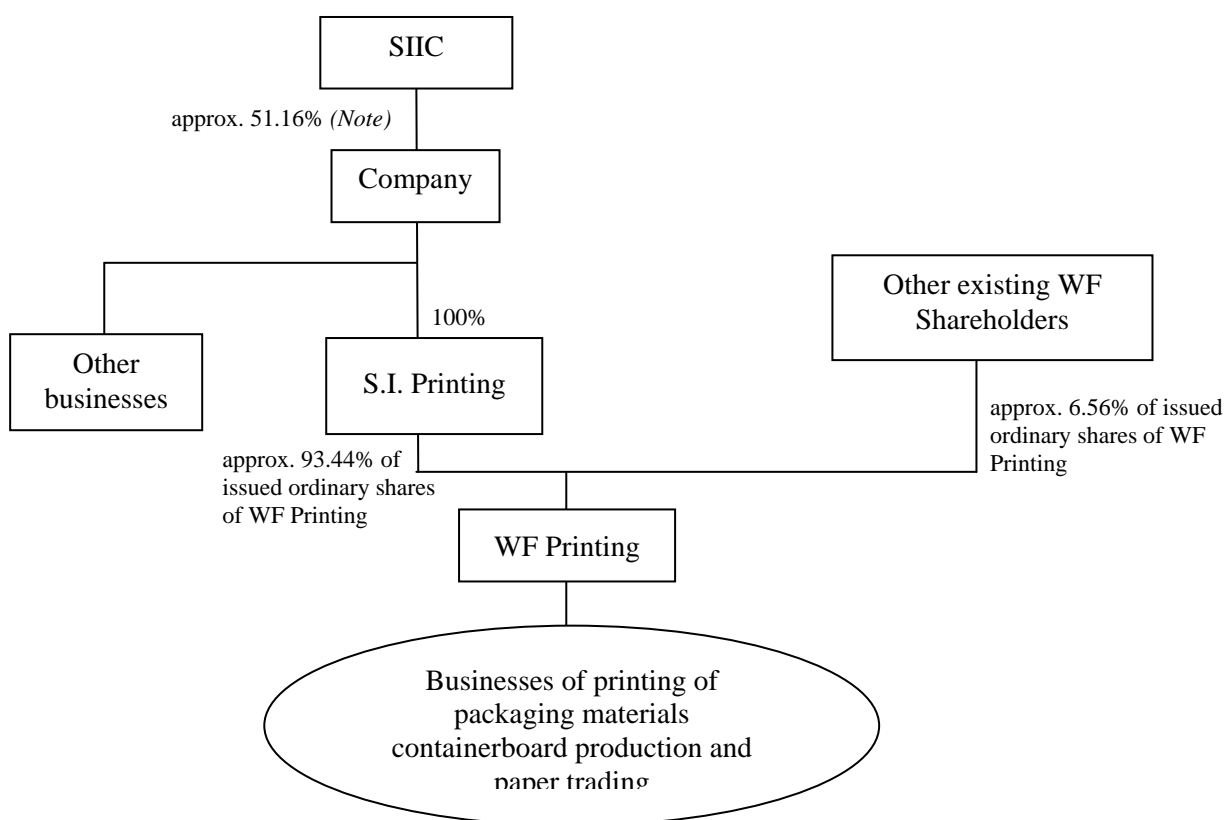
- to finance the capital expenditure for new production facilities of its printing business;
- to fund the acquisition of equity interests in other printing companies;
- to fund the capital expenditure of the sixth containerboard production line of Hebei Yongxin;
- to establish new channels for sourcing of recovered paper in the Beijing-Tianjin-Hebei region;
- to repay the bank borrowings; and
- the remaining amount to provide funding for the WF Group's working capital and other general corporate purposes.

To the extent that the net proceeds from the Global Offering are not immediately required for the above purposes or if the WF Group is unable to effect any part of its future development plans as intended, the WF Group may hold such funds in short-term deposits with licensed banks and authorized financial institutions in Hong Kong for so long as it is in the best interests of the WF Group and the WF Shareholders.

## **(6) Effects of the Proposed Spin-off**

### **(i) Shareholding structure prior to the Proposed Spin-off**

The simplified shareholding structure of WF Printing as at the Latest Practicable Date is set out as follows:

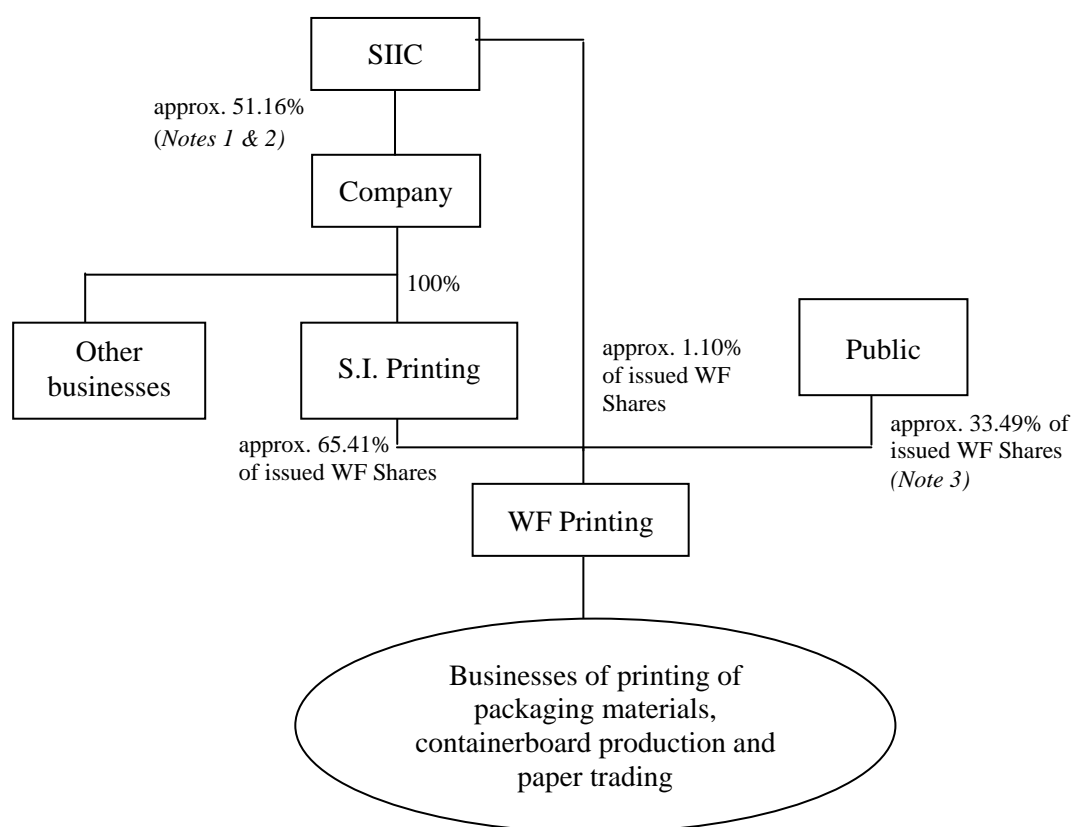




*Note: The Shares are held through three wholly-owned subsidiaries of SIIC.*

## **(ii) Shareholding structure after the completion of the Proposed Spin-off and the Capitalisation Issue**

The simplified shareholding structure of WF Printing immediately after completion of the Proposed Spin-off and the Capitalisation Issue (assuming the Over-allotment Option is not exercised and SIIC, through its wholly-owned subsidiaries, takes up all Reserved Shares allocated to its wholly-owned subsidiaries under the Preferential Offer) is set out as follows:



*Notes:*

- 1. The Shares are held through three wholly-owned subsidiaries of SIIC.*
- 2. Assuming no further Shares are issued by the Company and no acquisition or disposal of Shares by SIIC from the Latest Practicable Date up to the date of completion of the Proposed Spin-off.*
- 3. The 33.49% public shareholding in WF Printing includes the aggregate of 4.59% shareholdings of the current shareholders of WF Printing (other than S.I. Printing).*

## **(iii) Effects on net asset value**

It is expected that there will be a gain on the deemed disposal of interests in WF Printing upon completion of the Proposed Spin-off irrespective of whether the Over-allotment Option is exercised and as a result, the net asset value of the Group is expected to increase.

#### **(iv) Effects on earnings**

Upon completion of the Proposed Spin-off, the Group is expected to recognize a gain. Based on the unaudited consolidated net assets (after deducting minority interests) of WF Printing as at 30th June 2007, the estimated market value of WF Printing, a pre-listing dividend of HK\$200 million declared by WF Printing and the estimated listing expenses, the amount of gain is estimated to be in the range of approximately HK\$234 million and HK\$338 million (if the Over-allotment Option is not exercised) or in the range of approximately HK\$260 million HK\$374 million (if the Over-allotment Option is exercised in full). The gain represents the difference between the estimated amounts of net assets of WF Printing to be diluted immediately following the completion of the Global Offering. However, the actual amount of such gain may differ from the estimated figure as mentioned above depending on the actual pricing, actual listing expenses incurred and actual consolidated net assets of WF Printing following the completion of the Global Offering. Upon completion of the Global Offering, the consolidated net profit of the Group will be decreased by the portion of the results contributed by the reduced effective shareholding in WF Printing held by the Group.

#### **(7) Relationship with the Remaining Group**

S.I. Printing, the immediate holding company of WF Printing is interested in approximately 93.44% of the issued ordinary share capital of WF Printing as at the Latest Practicable Date and the Company is interested in the entire issued share capital of S.I. Printing as at the Latest Practicable Date.

WF Printing is managed by six executive WF Directors. Out of the six executive WF Director, Mr. Ding Zhong De, an executive WF Director, is also an executive director of the Company and SIIC and also a director of Nanyang Brothers Tobacco Company, Limited, an indirect wholly-owned subsidiary of the Company; and Mr. Zhou Jie, an executive WF Director is also a deputy chief-executive officer of the Company and a vice-president of SIIC. Mr. Ding Zhong De and Mr. Zhou Jie do not actively participate in the day-to-day management and operations of the WF Group. The day-to-day management and operations of the WF Group are overseen by Mr. Wen Song Quan, Mr. Jin Guo Ming, Mr. Chen Nai Lang, and Mr. Wang Qi Cong. None of Mr. Wen, Mr. Jin, Mr. Chen, nor Mr. Wang holds any directorship or other management position in the Company or SIIC. As such, the majority of the executive WF Directors do not have any directorships or management roles in the Company and/or SIIC.

The WF Board will also include 3 independent non-executive WF Directors who will provide checks and balances over the WF Board's decision-making on significant transactions, connected transactions and other transactions involving a potential conflict of interests. WF Printing has a separate management team and separate functional departments including accounting, administration and human resources and company secretarial departments. All essential administration and daily operations of the WF Group will continue to be independently carried out by the WF Group without any support from the Company and/ or S.I. Printing after the Proposed Spin-off.

The WF Group has a clear business focus, distinct from that of the Remaining Group. The WF Group is principally engaged in the business of printing of packaging materials, production of containerboard and paper making. After completion of the Global Offering, the Remaining Group will continue to carry out their existing businesses, namely, real estate investment, infrastructure facilities, medicine, consumer products (other than the manufacture and sale of printed products and packaging materials, paper making and paper trading). As at the Latest Practicable Date, the Remaining Group does not carry on any business that competes with those of the WF Group.

## **(8) No Competition**

The Company confirms that at any time during which the shares of WF Printing are listed on the Stock Exchange or any other stock exchange and for so long as the Company and S.I. Printing remains as controlling shareholders (as defined under the Listing Rules ) of WF Printing:

- (i) it and any companies (other than members of the WF Group) which it can, either directly or indirectly, exercise or control the exercise of more than 50% of the voting power at general meetings or control the majority of the board of directors (the “Remaining Companies”) will not carry on any business that competes or may compete with the WF Group’s businesses as described in the Prospectus;
- (ii) it shall, in its best endeavours, prevent and procure the Remaining Companies to prevent from developing any business in the future that would constitute actual or potential competition with the WF Group’s businesses as described in the Prospectus;
- (iii) in the event that its business and/or the business of the Remaining Companies competes or may compete with the WF Group’s business as described in the Prospectus, it shall put the WF Group’s interests as the first priority, and use its best endeavours to eliminate or avoid such competition;
- (iv) it will make an annual declaration on the compliance of the no-competition confirmations set out in paragraphs (i) to (iii) above in the annual report of WF Printing; and
- (v) it will provide all information necessary for the annual review by the independent non-executive directors of WF Printing on the compliance with the no-competition confirmations set out in paragraphs (i) to (iii) above as well as the enforcement of such confirmations.

The Directors are of the view that there is no actual or potential competition between the business of the Remaining Group and the business of the WF Group.

## **(9) Listing Rules Implications**

According to Rule 13.36 of the Listing Rules, WF Printing is a major subsidiary of the Company. The Proposed Spin-off may constitute a material dilution of the Company’s interest in WF Printing (as defined under Rule 13.36 of the Listing Rules) since after completion of the Proposed Spin-off and assuming the exercise of the Over-allotment Option in full, the Company’s interest in WF

Printing will be diluted to the extent of 5% or more as determined under the revenue, profits and total assets tests calculated pursuant to Rule 14.07 of the Listing Rules. As such, the Proposed Spin-off will require the approval of the Shareholders pursuant to paragraph 3(e)(1)(ii) of PN15. No Shareholder is required to abstain from voting in respect of the resolution to be proposed at the Extraordinary General Meeting to approve the Proposed Spin-off. An Independent Board Committee comprising the independent non-executive Directors had been formed to advise the Shareholders in respect of the Proposed Spin-off and Commerzbank had been appointed to advise the Independent Board Committee and the Shareholders in respect of the Proposed Spin-off.

The Proposed Spin-off may also constitute a discloseable transaction for the Company under Chapter 14 of the Listing Rules in the event that the Over-allotment Option is exercised.

## **THE PREFERENTIAL OFFER**

In order to enable the Shareholders to participate in the Global Offering on a preferential basis as to allocation only and subject to the Stock Exchange granting listing of, and permission to deal in, the WF Shares on the Stock Exchange, it is expected that 10,712,610 Reserved Shares (representing approximately 7.1% of the WF Shares initially offered under the Global Offering and taking no account of any WF Shares which may be allotted and issued pursuant to the exercise of the Over-allotment Option) will be available for subscription by Qualifying Shareholders at the Offer Price under the Preferential Offer. The Reserved Shares will be allocated out of the WF Shares to be offered under the Placing. It is expected that the Qualifying Shareholders will be entitled to subscribe such number of Reserved Shares on an assured basis at the Offer Price for one Reserved Share for every whole multiple of 100 Shares held by them at 4:30 p.m. on the Record Date, provided that any Qualifying Shareholder holding less than 100 Shares at 4:30 p.m. on the Record Date will not be entitled to apply for the Reserved Shares. However, the aforesaid is only an estimate and the final Assured Entitlement will depend on the number of Shares held by Qualifying Shareholders at 4:30 p.m. on the Record Date. It is currently expected that the three wholly-owned subsidiaries of SIIC, which together hold approximately 51.16% of the issued share capital of the Company, will take up their respective entitlements of the Reserved Shares under the preferential Offer.

In the event that the Proposed Spin-off does proceed, a blue application form for the Reserved Shares, together with a copy of the Prospectus, will be despatched to each Qualifying Shareholder who is entitled to apply for the Reserved Shares.

**Shareholders should note that Assured Entitlements to Reserved Shares may not represent a multiple of a full board lot of 500 WF Shares and will be rounded down to the closest whole number if required, and that dealings in odd lots of the WF Shares may be at a price below their prevailing market price.**

Assured Entitlements of Qualifying Shareholders to the Reserved Shares will not be transferable and there will be no trading in nil paid entitlements on the Stock Exchange. Any WF Shares issued pursuant to the Preferential Offer will be deemed fully paid, ranking *pari passu* in all respects with other WF Shares then in issue. The Global Coordinator has the authority to reallocate all or any of the Reserved Shares not taken up by the Qualifying Shareholders to the Placing.

The number of WF Shares initially available under the Preferential Offer is expected to represent approximately 7.1% of the WF Shares initially offered under the Global Offering and approximately 2.1% of the enlarged issued share capital of WF upon completion of the Global Offering, assuming the Over-allotment Option is not exercised.

## **CLOSURE OF REGISTER OF MEMBERS**

The register of members of the Company will be closed from 9:00 a.m. on Friday, 23rd November 2007 to 4:30 p.m. on Monday, 26th November 2007 for the purpose of determining the entitlement of the Qualifying Shareholders to the Preferential Offer. No transfer of Shares may be registered during that period. In order to qualify for the Preferential Offer, all transfers of Shares must be lodged with the share registrar of the Company by no later than 4:30 p.m. on Thursday, 22nd November 2007.

**As the Proposed Spin-Off and the Preferential Offer may or may not proceed, Shareholders and potential investors are advised to exercise caution when dealing in the securities of the Company.**

## **CONTINUING CONNECTED TRANSACTIONS**

The Continuing Connected Transactions had in the past been entered into by members of the WF Group with substantial shareholders of WF Printing's PRC subsidiaries which are of a continuing nature. These Continuing Connected Transactions are continuing connected transactions of the Group under the Listing Rules and had previously been disclosed by the Company in accordance with the Listing Rules. It is envisaged that these transactions will continue after completion of the Proposed Spin-off and will continue to be subject to, among other things, the connected transactions requirements under Chapter 14A of the Listing Rules.

### **Particulars of the Continuing Connected Transactions**

#### *(1) Cigarette Packaging Transactions*

Xuchang Yongchang, a subsidiary of the Company which carries on the business of printing and manufacturing of paper packaging materials, currently prints and sells cigarette packaging materials to Xuchang Cigarette Factory, a substantial shareholder of Xuchang Yongchang holding 20.6% interests in Xuchang Yongchang, at prices negotiated on a fair basis with reference to the prevailing market prices. According to the WF Directors, as far as they are ware, it is a normal practice within the tobacco industry for cigarette manufacturers to engage a limited number of printing companies to undertake the printing of their respective cigarette packages and to form strategic relationships with such printing companies. For this reason, Xuchang Cigarette Factory, which is a substantial shareholder of Xuchang Yongchang, had been the sole customer<sup>Note</sup> for the cigarette packaging business of Xuchang Yongchang from 2005 to 2007.

*Note : Which included 南陽捲煙廠 which has been merged into Xuchang Cigarette Factory in year 2005.*

It is envisaged that Xuchang Yongchang may continue to print and sell cigarette packaging materials to Xuchang Cigarette Factory from time to time after the Proposed Spin-off at fees charged on similar basis. Xuchang Yongchang has therefore on 7th November 2007 entered into an agreement with Xuchang Cigarette Factory with respect to the Cigarette Packaging Transactions containing, inter alia, the following terms:

Date	: 7th November 2007
Parties	: (i) Xuchang Cigarette Factory (ii) Xuchang Yongchang
Term	: From 7th November 2007 to 31st December 2009
Nature of Transaction	: Xuchang Cigarette Factory will purchase cigarette paper materials and cigarette box packaging materials from Xuchang Yongchang in priority to other suppliers.
Pricing	: The goods shall be supplied at prices negotiated on a fair basis with reference to the prevailing market prices, and at prices no less than those paid by Xuchang Cigarette Factory to other independent suppliers with respect to similar products

It is currently expected that the income to be derived from the Cigarette Packaging Transactions for the three years ending 31st December 2007, 2008 and 2009 will not exceed RMB200,000,000 (approximately HK\$208,333,000), RMB260,000,000 (approximately HK\$270,833,000) and RMB338,000,000 (approximately HK\$352,083,000) respectively. Such annual cap amounts are arrived at after taking into account the following:

- (i) historical figures including the transaction volume for the first half of 2007 as set out below:

<u>Year ended</u>	<u>Approximate amount</u>
Year ended 31 December 2004	HK\$22,198,000
Year ended 31 December 2005	HK\$113,491,000
Year ended 31 December 2006	HK\$122,694,000
Six months ended 30 June 2007	HK\$ 94,268,000

- (ii) prediction on business growth, general industry growth and inflation; and
- (iii) the expected growth in Xuchang Yongchang's production capacity in 2008 and 2009 with the purchase and installation of new machines which are expected to be in operation in 2008, thereby enabling Xuchang Yongchang to accommodate the growing demands of Xuchang Cigarette Factory.

The Directors consider that the Cigarette Packaging Transactions have been and will continue to be entered into on normal commercial terms and in the ordinary course of business of the Group and the terms of the Cigarette Packaging Transactions as set out in the agreement are fair and reasonable to the Company and its Shareholders taken as a whole.

## *(2) Wine Packaging Transactions*

Chengdu Wing Fat, a subsidiary of the Company which carries on the business of printing and manufacturing of paper packaging materials, currently prints and sells wine packaging materials to Sichuan Swellfun, a substantial shareholder of Chengdu Wing Fat holding 20% interests in Chengdu Wing Fat, at fees negotiated on an arm's length basis. According to the WF Directors, as far as they are aware, wine manufacturers often prefer to engage only a limited number of printing companies to undertake the printing of their respective wine packages in order to prevent counterfeit products, ensure a steady and reliable supply, consistency in the quality of printing and timely delivery. Sichuan Swellfun, being a substantial shareholder of Chengdu Wing Fat, had therefore engaged the printing services of Chengdu Wing Fat.

It is envisaged that Chengdu Wing Fat may continue to print and sell wine packaging materials to Sichuan Swellfun from time to time after the Proposed Spin-off at fees charged on similar basis. Chengdu Wing Fat has therefore on 7th November 2007 entered into an agreement with Sichuan Swellfun containing, inter alia, the following terms:

Date	: 7th November 2007
Parties	: (i) Sichuan Swellfun (ii) Chengdu Wing Fat
Term	: From 7th November 2007 to 31st December 2009
Nature of Transaction	: Chengdu Wing Fat will use its best efforts to supply wine packaging materials to Sichuan Swellfun to satisfy its needs and Chengdu Wing Fat will be the specified printer of packaging materials for Sichuan Swellfun's products
Pricing	: The goods shall be supplied at prices negotiated on a fair basis with reference to the prevailing market prices and the prices of raw materials.

It is currently expected that the income to be derived from the Wine Packaging Transactions for the three years ending 31st December 2007, 2008 and 2009 will not exceed RMB32,000,000 (approximately HK\$33,333,000), RMB38,000,000 (approximately HK\$39,583,000) and RMB45,000,000 (approximately HK\$46,875,000) respectively. Such annual cap amounts are arrived at after taking into account the following:

- (i) historical figures including the transaction volume for the first half of 2007 as set out below:

<u>Year ended</u>	<u>Approximate amount</u>
Year ended 31st December 2005	HK\$28,688,000
Year ended 31st December 2006	HK\$26,268,000
Six months ended 30th June 2007	HK\$13,767,000

- (ii) prediction on business growth, general industry growth and inflation; and
- (iii) the expected growth in Chengdu Wing Fat's production capacity in 2008 and 2009 with the purchase and installation of new machines which are expected to be in operation in 2008.

The Directors consider that the Wine Packaging Transactions have been and will continue to be entered into on normal commercial terms and in the ordinary course of business of the Group and the terms of the Wine Packaging Transactions as set out in the agreement are fair and reasonable to the Company and its Shareholders taken as a whole.

*(3) Recovered Paper Purchase Transactions*

Hebei Yongxin, a subsidiary of the Company which carries on the business of paper making, currently sources recovered paper from Xinnan Paper, a substantial shareholder of Hebei Yongxin holding 29% interests in Hebei Yongxin, for the production of containerboard products at a price range similar to that charged by Xinnan Paper to its other customers. As Hebei Yongxin needs to source recovered paper materials for its paper making business and Xinnan Paper is in the business of sale of recovered paper with a reputation which Hebei Yongxin has confidence on the quality of the materials as well as the services provided by Xinnan Paper, Hebei Yongxin prefers to source its raw material from Xinnan Paper, a supplier which Hebei Yongxin is more familiar with rather than from a new supplier.

Apart from sourcing recovered paper materials from other suppliers, it is envisaged that Hebei Yongxin may continue to purchase such recovered paper materials from Xinnan Paper from time to time after the Proposed Spin-off at fees charged on similar basis non-exclusively. Hebei Yongxin has therefore on 7th November 2007 entered into an agreement with Xinnan Paper containing, inter alia, the following terms:

Date	: 7th November 2007
Parties	: (i) Xinnan Paper (ii) Hebei Yongxin
Term	: From 7th November 2007 to 31st December 2009
Nature of Transaction	: Xinnan Paper will supply recovered paper materials to Hebei Yongxin in accordance with Hebei Yongxin's demands



Pricing : The goods shall be supplied at prices negotiated on a fair basis with reference to the prevailing market prices, and at prices no higher than those charged by Xinnan Paper on its other independent customers

It is currently expected that the amount payable to Xinnan Paper in respect of the Recovered Paper Purchase Transactions for the three years ending 31st December 2007, 2008 and 2009 will not exceed RMB190,000,000 (approximately HK\$197,917,000), RMB228,000,000 (approximately HK\$237,500,000) and RMB410,400,000 (approximately HK\$427,500,000) respectively. Such annual cap amounts are arrived at after taking into account the following:

- (i) historical figures including the transaction volume for the first half of 2007 as set out below:

	<u>Approximate amount</u>
Year ended 31st December 2005	HK\$131,028,000
Year ended 31st December 2006	HK\$94,514,000
Six months ended 30th June 2007	HK\$80,842,000

- (ii) prediction on business growth, general industry growth and inflation;
- (iii) expected increase in the price of recovered paper materials; and
- (iv) the completion of the new production line of Hebei Yongxin expected to be in or around 2009 which is anticipated to double the production capacity of Hebei Yongxin in 2009.

The Directors confirmed consider that the Recovered Paper Purchase Transactions have been and will continue to be entered into on normal commercial terms and in the ordinary course of business of the Group and the terms of the Recovered Paper Purchase Transactions as set out in the agreement are fair and reasonable to the Company and its Shareholders taken as a whole.

### **Listing Rules requirements**

Each of Xuchang Cigarette Factory, Sichuan Swellfun and Xinnan Paper 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. Save as disclosed above, each of Xuchang Cigarette Factory, Sichuan Swellfun and Xinnan Paper and their respective ultimate beneficial owners are independent of the Company and its connected persons as defined under the Listing Rules.

As each of Xuchang Cigarette Factory, Sichuan Swellfun and Xinnan Paper are substantial shareholders of a subsidiary of the Company, they are connected persons of the Company pursuant to Rule 14A.11(1) of the Listing Rules. The Continuing Connected Transactions therefore constitute continuing connected transactions of the Company under the Listing Rules. As the applicable percentage ratios for transactions under the Cigarette Packaging Transactions and the Recovered Paper Purchase Transactions on an annual basis exceed 2.5%, such transactions are subject to the disclosure and shareholders' approval requirements under the Listing Rules. As the

applicable percentage ratio for transactions under the Wine Packaging Transactions on an annual basis exceed 0.1% but is less than 2.5%, such transactions are subject to the disclosure requirements but are exempted from the shareholders' approval requirements under the Listing Rules.

The Company has obtained from companies controlled by SIIC which together hold approximately 51.16% of the issued share capital of the Company written approvals of the transactions under the Cigarette Packaging Transactions and the Recovered Paper Purchase Transactions and their annual caps. These companies, namely Shanghai Investment Holdings Ltd. (holding 468,066,000 Shares), SIIC Capital (B.V.I.) Ltd. (holding 80,000,000 Shares) and SIIC CM Development Ltd. (holding 10,000 Shares) are all wholly-owned subsidiaries of SIIC. Since none of the Shareholders is materially interested in the transactions under the Cigarette Packaging Transactions and the Recovered Paper Purchase Transactions, 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 Transactions and the Recovered Paper Purchase Transactions. Pursuant to Rule 14A.43 of the Listing Rules, the Company has applied for a waiver from the requirement to hold a general meeting of the Shareholders and permission for the independent Shareholders' approval of the Cigarette Packaging Transactions and the Recovered Paper Purchase Transactions and their annual caps to be given in writing.

The Board had appointed the Independent Board Committee to consider and advise the independent Shareholders on, inter alia, the terms of the Continuing Connected Transactions and the annual caps relating thereto, and Commerzbank to advise the Independent Board Committee and the Shareholders on, inter alia, whether the Continuing Connected Transactions are fair and reasonable and in the interest of the Company and the Shareholders as a whole.

### **Termination of port agency agreement**

Reference is also made to the circular of the Company dated 23rd September 2005 in relation to, inter alia, the provision of cargo management services by Xinnan Paper to Hebei Yongxin at a port in Tianjin, the PRC to facilitate the taking of delivery by the Group of products purchased from Xinnan Paper pursuant to a port agency agreement dated 1st September 2005 entered into between Hebei Yongxin and Xinnan Paper (the "Port Agency Agreement"). Since 1st January 2007, Hebei Yongxin no longer engages the cargo management services of Xinnan Paper as such services has been provided by another third party unrelated to both the Group and Xinnan Paper, and such third party charges Hebei Yongxin directly for the provision of such services. As the Group does not intend to engage the cargo management services of Xinnan Paper in the meantime, the Port Agency Agreement was terminated by mutual agreement between Hebei Yongxin and Xinnan Paper on 7th November 2007.

### **THE WF SCHEME**

The WF Scheme constitutes a share option scheme governed by Chapter 17 of the Listing Rules. As WF Printing is a subsidiary of the Company, the adoption of such scheme is subject to the approval of Shareholders in accordance with the Listing Rules and a resolution will be proposed at the Extraordinary General Meeting to approve the WF Scheme.

The purpose of the WF Scheme is to provide the Participants working for the interest of the WF Group and of WF Printing's jointly-controlled entities and associated companies with an opportunity to obtain equity interest in WF Printing, thus linking their interest with the interest of the WF Group and of WF Printing's jointly-controlled entities and associated companies and thereby providing them with incentives to work better for the interest of the WF Group and of WF Printing's jointly-controlled entities and associated companies and/or rewards for their contribution and support to the WF Group and of WF Printing's jointly-controlled entities and associated companies and for such other purposes as the WF Board may approve from time to time.

The WF Scheme is conditional upon, among other things:

- (a) the passing of an ordinary resolution approving the adoption of the WF Scheme by the WF Shareholders and authorising the WF Directors to grant Options to subscribe for WF Shares thereunder and to allot and issue WF Shares pursuant to the exercise of any Options granted under the WF Scheme;
- (b) the obligations of the Underwriters under the Underwriting Agreements becoming unconditional (including, if relevant, as a result of the waiver of any condition(s) by the Global Coordinator for itself and on behalf of the Underwriters) and not being terminated in accordance with the terms of the respective Underwriting Agreements or otherwise;
- (c) the Listing Committee granting listing of, and permission to deal in, (i) the WF Shares in issue and to be issued in the Global Offering as mentioned in the Prospectus (including any WF Shares which may fall to be issued upon exercise of the Over-allotment Option) and (ii) any WF Shares to be issued pursuant to the exercise of Options under the WF Scheme, whether the granting of the listing and permission is subject to conditions or not; and
- (d) the WF Scheme being approved by the Shareholders at the Extraordinary General Meeting.

Where the provisions require the WF Scheme or any related matters to be approved by the WF Shareholders/ independent non-executive WF Directors, such scheme or matters must simultaneously be approved by the Shareholders/independent non-executive Directors.

## **GENERAL**

The Group is principally engaged in the business of real estate investment, infrastructure facilities, medicine and consumer products.

The Global Coordinator has been appointed as the sponsor and global coordinator in respect of the Proposed Spin-off.

Xuchang Cigarette Factory is principally engaged in the business of manufacturing and sale of cigarette products, Sichuan Swellfun is principally engaged in the business of manufacturing and sale of wine products and Xinnan Paper is principally engaged in the business of trading of recovered paper.

**Shareholders and potential investors should note that the Proposed Spin-off is subject to, among others, the conditions referred to in this announcement, the decision of the Board as well as market conditions prevailing at the time immediately before the Proposed Spin-off. In particular, there is no assurance that approval from the Stock Exchange will be granted. As the Proposed Spin-off may or may not proceed, Shareholders and potential investors are advised to exercise caution when dealing in the securities of the Company.**

The Company will make a further announcement in relation to the Proposed Spin-off if and when appropriate.

The Company will convene the Extraordinary General Meeting at which ordinary resolutions will be proposed to approve, if thought fit the Proposed Spin-Off and the WF Scheme. The Independent Board Committed had been appointed to advise Shareholders in respect of the Proposed Spin-off and the Continuing Connected Transactions and Commerzbank had been appointed to advise the Independent Board Committee and the Shareholders in respect of the Proposed Spin-off and the Continuing Connected Transactions. A circular containing, among other things, particulars of the Proposed Spin-Off, the Preferential Offer, the Continuing Connected Transactions and the WF Scheme, a letter of advice from the Independent Board Committee to the Shareholders, a letter of advice from Commerzbank to the Independent Board Committee and the Shareholders as well as a notice convening the Extraordinary General Meeting and the form of proxy for use at the Extraordinary General Meeting will be dispatched to the Shareholders.

## **DEFINITIONS**

In this announcement, the following expressions have the following meanings unless the context requires otherwise:-

“Associate(s)”	has the meaning ascribed to it under the Listing Rules
“Assured Entitlement”	the entitlement of Qualifying Shareholders to apply for Reserved Shares under the Preferential Offer
“Board”	the board of directors of the Company
“Capitalisation Issue”	the issue of WF Shares to WF Shareholders on a record date to be determined by the WF Board by way of capitalisation of certain sums standing to the credit of the share premium account of WF Printing being credited as a result of the Global Offering
“CCASS”	The Central Clearing and Settlement System established and operated by HKSCC

“Chengdu Wing Fat”	成都永發印務有限公司(Chengdu Wing Fat Printing Co., Ltd.), a sino-foreign equity joint venture enterprise established in the PRC which is owned as to 51% by WF Printing and a subsidiary of the Company
“chief executive”	has the meaning ascribed to it under the Listing Rules
“Cigarette Packaging Transactions”	the printing and sale of cigarette packaging materials by Xuchang Yongchang to Xuchang Cigarette Factory, particulars of which are set out in the section titled “Continuing Connected Transactions” of this announcement
“Commerzbank”	Commerzbank AG Hong Kong Branch, a licensed corporation permitted to carry out type 1 (dealing in securities), type 4 (advising on securities) and type 6 (advising on corporate finance) regulated activities under SFO, the independent financial adviser appointed to advise the Independent Board Committee and the Shareholders in respect of the Proposed Spin-off and the Continuing Connected Transactions
“Company”	Shanghai Industrial Holdings Limited, a company incorporated under the laws of Hong Kong with limited liability, whose shares are listed on the Main Board of the Stock Exchange
“Companies Ordinance”	the Companies Ordinance (Chapter 32 of the Laws of Hong Kong), as amended, supplemented or otherwise modified from time to time
“Connected Persons”	has the meaning ascribed to it under the Listing Rules
“Continuing Connected Transactions”	the Cigarette Packaging Transactions, Wine Packaging Transactions and Recovered Paper Purchase Transactions
“Directors”	directors of the Company
“Extraordinary General Meeting”	the extraordinary general meeting of the Company to be held by the Company at which ordinary resolutions will be proposed to approve, if thought fit, the Proposed Spin-off and the WF Scheme
“Global Coordinator”	BNP Paribas Capital (Asia Pacific) Limited, a corporation licensed to conduct type 1 (dealing in securities) and type 6 (advising on corporate finance) regulated activities under the SFO
“Global Offering”	the Public Offer and the Placing (including the Preferential Offer)

“Group”	the Company and its subsidiaries
“Hebei Yongxin”	河北永新紙業有限公司 (Hebei Yongxin Paper Co., Ltd.), a sino-foreign equity joint venture enterprise established in the PRC with limited liability which is owned as to 66% by WF Printing and a subsidiary of the Company
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“HKSCC”	Hong Kong Securities Clearing Company Limited, a wholly-owned subsidiary of Hong Kong Exchanges and Clearing Limited
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Independent Board Committee”	the independent board committee comprising Dr. Lo Ka Shui, Prof. Woo Chia-Wei, Mr. Leung Pak To, Francis, all independent non-executive Directors, appointed to advise the Shareholders in respect of the Proposed Spin-off and the Continuing Connected Transactions
“Latest Practicable Date”	7th November 2007, being the latest practicable date for ascertaining certain information in this announcement
“Listing Committee”	the listing sub-committee of the directors of the Stock Exchange
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Non-Qualifying Shareholder(s)”	Shareholder(s) whose names appear on the Register of Members of the Company on the Record Date with the addresses as shown in the Register of Members of the Company on that day outside Hong Kong whom the Board, after making enquiries, considers it necessary or expedient on account either of legal restrictions under the laws of the relevant overseas places or the requirements of the relevant regulatory bodies or stock exchanges in those places not to offer the Reserved Shares to them
“Offer Price”	the final price per WF Share in Hong Kong dollars (exclusive of brokerage, SFC transaction levy and the Stock Exchange trading fee) at which the WF Shares are to be subscribed for and issued, or purchased and sold, pursuant to the Global Offering, to be determined as further described in the Prospectus
“Options”	a right to subscribe for WF Shares pursuant to the terms of the WF Scheme

“Over-allotment Option”	the option to be granted by WF Printing to the Global Coordinator on behalf of the placing underwriters to require WF Printing to allot and issue up to an aggregate of 15% of the WF Shares to be initially offered for subscription under the Global Offering at the Offer Price to cover, among other things, over-allocations in the Placing
“Participant”	means (i) any directors, officers or employees (whether full-time or part-time) of each member of the WF Group and of WF Printing’s jointly-controlled entities and associated companies; (ii) any discretionary objects of a discretionary trust established by any employees, or directors of each member of the WF Group and of WF Printing’s jointly-controlled entities and associated companies; (iii) any consultants, professional and other advisers to each member of the WF Group and of WF Printing’s jointly-controlled entities and associated companies (including their employees or executives or any persons, firms or companies proposed to be appointed for providing such services); (iv) any chief executives or substantial shareholders of WF Printing; (v) any Associates of directors, chief executives or substantial shareholders of WF Printing; (vi) any directors, chief executives, officers or employees (whether full-time or part-time) of the Company, SIIC or other holding companies of WF Printing; and (vii) any Associates of directors, chief executives, officers or employees of the Company, SIIC or other holding companies of WF Printing, provided that the WF Board may have absolute discretion to determine, whether or not one falls within the above categories
“Placing”	the offer and sale of the WF Shares by WF Printing (a) to qualified institutional buyers in the United States in reliance on Rule 144A under the Securities Act and (b) to certain persons outside the United States (including to professional investors in Hong Kong, other than to retail investors in Hong Kong) in reliance on Regulation S under the Securities Act, as described in this announcement and to be further described in the Prospectus
“PN15”	Practice Note 15 of the Listing Rules
“PRC”	the People’s Republic of China which, for the purpose of this announcement, excludes Hong Kong, the Macao Special Administrative Region of the PRC and Taiwan
“Preferential Offer”	the proposed preferential offer to the Qualifying Shareholders for subscription of the Reserved Shares on an assured basis at the Offer Price, on and subject to the terms and conditions as will be described in the Prospectus, details of which are set out in the paragraph headed “Preferential Offer” of this announcement

“Proposed Spin-off”	the proposed separate listing of the WF Shares on the Main Board of the Stock Exchange pursuant to the Global Offering
“Prospectus”	the prospectus proposed to be issued by WF Printing in relation to the Global Offering
“Public Offer”	the offer of WF Shares by WF Printing for subscription by the public in Hong Kong for cash at the Offer Price as described in this announcement and to be further described in the Prospectus
“Qualifying Shareholder(s)”	holder(s) of not less than 100 Shares whose name(s) appear on the register of members of the Company at 4:30 p.m. on the Record Date, other than the Non-Qualifying Shareholder(s)
“Record Date”	26th November 2007, being the date for ascertaining the Assured Entitlement
“Recovered Paper Purchase Transactions”	the purchase of recovered paper by Hebei Yongxin from Xinnan Paper, particulars of which are set out in the section titled “Continuing Connected Transactions” of this announcement
“Remaining Group”	the Group, excluding the WF Group
“Reserved Shares”	10,712,610 WF Shares, representing approximately 7.1% of the WF Shares initially available under the Global Offering, being offered to the Qualifying Shareholders pursuant to the Preferential Offer and which are to be allocated out of the WF Shares offered under the Placing
“RMB”	Renminbi, the lawful currency of the PRC
“S.I. Printing”	S.I. Printing Holdings Ltd., a company incorporated under the laws of the British Virgin Islands with limited liability and a wholly-owned subsidiary of the Company
“Securities Act”	the U.S. Securities Act of 1933, as amended
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the laws of Hong Kong)
“Shares”	ordinary shares of HK\$0.10 each in the capital of the Company
“Shareholder(s)”	holder(s) of the Share(s)



“Sichuan Swellfun”	四川水井坊股份有限公司 (Sichuan Swellfun Co., Ltd.) (formerly known as 四川全興股份有限公司 (Sichuan Quan Xing Joint-Stock Co., Ltd.), a connected person of the Company by virtue of its being a substantial shareholder of Chengdu Wing Fat, a subsidiary of 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
“Underwriters”	the underwriters of the Global Offering
“Underwriting Agreements”	the underwriting agreements to be entered into between, inter alia, WF Printing and the Underwriters in connection with the Global Offering
“United States”	the United States of America, its territories, its possessions and all areas subject to its jurisdiction
“WF Board”	board of directors of WF Printing
“WF Directors”	directors of WF Printing
“WF Group”	WF Printing and its subsidiaries
“WF Printing”	The Wing Fat Printing Company, Limited, a public company incorporated under the laws of Hong Kong with limited liability whose issued ordinary share capital is owned indirectly as to approximately 93.44% by the S.I. Printing and a subsidiary of the Company
“WF Scheme”	the proposed share option scheme to be conditionally adopted by WF Printing
“WF Shareholders”	holders of the WF Shares
“WF Shares”	ordinary shares of WF Printing
“Wine Packaging Transactions”	the printing and sale of wine packaging materials by Chengdu Wing Fat to Sichuan Swellfun, particulars of which are set out in the section titled “Continuing Connected Transactions” of this announcement
“Xinnan Paper”	新南(天津)紙業有限公司 (Xinnan (Tianjin) Paper Co., Ltd.), a connected person of the Company by virtue of its being a substantial shareholder of Hebei Yongxin, a subsidiary of the Company

“Xuchang Cigarette Factory”	許昌捲煙總廠 (Xuchang Cigarette Factory), a connected person of the Company by virtue of its being a substantial shareholder of Xuchang Yongchang, a subsidiary of the Company
“Xuchang Yongchang”	許昌永昌印務有限公司 (Xuchang Yongchang Printing Co., Ltd.), a sino-foreign equity joint venture enterprise established in the PRC with limited liability which is owned as to 51% by WF Printing and a subsidiary of the Company

*For the purposes of this announcement, the exchange rate of 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.*

*English names of the PRC established companies/entities in this announcement are only translations of their official Chinese names. In case of inconsistency, the Chinese names prevail.*

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

Hong Kong, 7th November 2007

*As at the date of this announcement, the Board is comprised of:*

*Executive Directors:*

*Mr. Cai Lai Xing, Mr. Cai Yu Tian, Mr. Qu Ding, Mr. Lu Ming Fang, Mr. Ding Zhong De, Mr. Qian Shi Zheng, Mr. Yao Fang and Mr. Tang Jun*

*Independent Non-Executive Directors:*

*Dr. Lo Ka Shui, Prof. Woo Chia-Wei and Mr. Leung Pak To, Francis*