

Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.



(Incorporated in Hong Kong with limited liability)

(Stock Code: 363)

DISCLOSEABLE TRANSACTION

DISPOSAL OF A 30.176% SHAREHOLDING IN BRIGHT DAIRY & FOOD CO., LTD.

On 27th July 2009, SIFP, a wholly-owned subsidiary of the Company, entered into the Share Transfer Agreement with Bright Food to dispose of the Sale Shares, representing approximately 30.176% of the total issued share capital of Bright Dairy. Completion of the Share Transfer Agreement is subject to the fulfillment of the conditions precedent of regulatory approvals and approval by the board of directors of Bright Dairy.

As the revenue and the alternative gross profit ratios in respect of the transaction contemplated under the Share Transfer Agreement exceed 5% but all applicable percentage ratios are below 25%, the transaction contemplated under the Share Transfer Agreement constitutes a discloseable transaction of the Company under Chapter 14 of the Listing Rules.

THE SHARE TRANSFER AGREEMENT

Date

27th July 2009

Parties

Vendor: SIFP, a wholly-owned subsidiary of the Company

Purchaser: Bright Food

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

Assets to be disposed

Subject to the terms and conditions of the Share Transfer Agreement, SIFP has agreed to sell and Bright Food has agreed to acquire the Sale Shares, representing approximately 30.176% of the total issued share capital of Bright Dairy.

Consideration

The total consideration for the disposal of the Sale Shares amounts to RMB1,550,013,386.34 (equivalent to approximately HK\$1,760,578,600) and shall be payable by Bright Food to SIFP in cash in the PRC in the following manner:

- (a) RMB775,006,693.17 (equivalent to approximately HK\$880,289,300), being 50% of the Consideration, shall be paid to a custodian bank account in the PRC to be operated jointly by SIFP or its nominees and Bright Food within 3 Business Days after the signing of the Share Transfer Agreement. Such amount shall be transferred to another bank account designated by SIFP (the “Designated Account”) within 3 working days after the fulfillment of all the conditions precedents to the Share Transfer Agreement; and
- (b) RMB775,006,693.17 (equivalent to approximately HK\$880,289,300), being the balance of the Consideration, shall be payable to the Designated Account within 3 Business Days after the fulfillment of all the conditions precedents to the Share Transfer Agreement.

SIFP agreed that any dividends and distributions (if any) paid or declared by Bright Dairy after the date on which payment of all the Consideration has been made shall belong to Bright Food.

The Consideration was determined following arm’s length negotiations between SIFP and Bright Food after taking into account the book cost of the Sale Shares per Sale Share and the relevant timing of the restriction on sale of the Sale Shares, in which the portion of the Sale Shares amounting to 5% of the total issued share capital of Bright Dairy will not be traded on the Shanghai Stock Exchange until October 2009 and the balance of the Sale Shares amounting to 25.176% of the total issued share capital of Bright Dairy will not be traded on the Shanghai Stock Exchange until October 2010. The Consideration of RMB4.93 per Sale Share represents an approximately 95% premium over the book cost of approximately RMB2.53 per Sale Share. The interests of Bright Dairy held by SIFP are accounted for by the Company by way of equity accounting and therefore the operating results from Bright Dairy has been shared by the Company.

Condition Precedents

Completion of the Share Transfer Agreement is subject to the satisfaction or waiver of the following conditions precedents:

- (a) the parties to the Share Transfer Agreement having obtained written approvals, waiver and/or letter of no objection in respect of the transfer of the Sale Shares under the Share Transfer Agreement from the Ministry of Commerce, China Securities and Regulatory Commission and other relevant government authorities (as applicable); and

(b) the parties to the Share Transfer Agreement having obtained written resolutions of the board of directors of Bright Dairy approving the disposal of the Sale Shares by SIFP to Bright Food.

SIFP and Bright Food agreed to use their best endeavour to procure the satisfaction of all the conditions precedent to the Share Transfer Agreement on or before 30th November 2009.

Completion

Any party to the Share Transfer Agreement may by notice in writing to the other party request for completion of the Share Transfer Agreement after all the condition precedents have been fulfilled specifying the date of completion, provided that the date of completion shall not be later than five Business Days after the service of the notice. If both parties issue the aforesaid notice, the earlier notice shall prevail.

INFORMATION ON BRIGHT DAIRY

Bright Dairy was established in the PRC and is owned as to 30.176% by SIFP, 35.272% by Shanghai Dairy (Group) Company Limited and 34.552% by public. The A Shares of Bright Dairy are listed and traded on the Shanghai Stock Exchange under the Stock Code: 600597. Bright Dairy is engaged in the manufacture, distribution and sale of dairy and related products.

The audited consolidated profit before taxation and minority interests and the audited consolidated profit after taxation and minority interests of Bright Dairy for the two years ended 31st December 2008, which were prepared in accordance with the generally accepted accounting principles in the PRC, were as follows:

| | Year ended 31st December | |
|---|--|--|
| | 2007 | 2008 |
| | RMB'000 | RMB'000 |
| Consolidated profit/(loss) before taxation and minority interests | 273,286 (equivalent to approximately HK\$310,411) | (319,544) (equivalent to approximately HK\$(362,953)) |
| Consolidated profit/(loss) after taxation and minority interests | 212,881 (equivalent to approximately HK\$241,800) | (285,994) (equivalent to approximately HK\$(324,846)) |

The audited consolidated total asset value and the audited consolidated net asset value of Bright Dairy as at 31st December 2008, which were prepared in accordance with the generally accepted accounting principles in the PRC, amounted to approximately RMB4,037,663,000 (equivalent to approximately HK\$4,586,169,000) and approximately RMB1,984,684,000 (equivalent to approximately HK\$2,254,298,000) respectively.

Bright Dairy is accounted for as an associate in the audited consolidated financial statements of the Group.

REASONS FOR AND BENEFITS OF THE TRANSACTION

It has been the Group's objective to optimize its asset portfolio by divesting its non-core businesses and concentrating its resources on its core businesses.

It is estimated that the disposal of the Sale Shares will bring a disposal gain before tax of approximately HK\$945 million to the Group upon completion of the Share Transfer Agreement, being the difference between the Consideration and the carrying value of the Sale Shares (being the cost of investment of the Group in Bright Dairy, plus the post-acquisition results of Bright Dairy shared by the Group and net of any dividends received or receivable from the Sale Shares) as at 31st March 2009.

The Company intends to use the proceeds from the disposal of the Sale Share for the general working capital of the Company, and may apply such proceeds towards potential acquisition that may arise from time to time in the future.

The Directors (including the independent non-executive Directors) consider that the terms of the Share Transfer Agreement are fair and reasonable and in the interests of the Company and the shareholders of the Company as a whole.

GENERAL

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

Bright Food is a conglomerate in the food industry in the PRC principally engaged in developing food industry chain.

As the revenue and the alternative gross profit ratios in respect of the transaction contemplated under the Share Transfer Agreement exceed 5% but all applicable percentage ratios are below 25%, the transaction contemplated under the Share Transfer Agreement constitutes a discloseable transaction of the Company under Chapter 14 of the Listing Rules.

DEFINITIONS

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

“Board” the board of Directors

| | |
|----------------------------|---|
| “Bright Dairy” | Bright Dairy & Food Co., Ltd (光明乳業股份有限公司), a joint stock limited company established under the laws of the PRC owned as to approximately 30.176% by SIFP, whose A Shares are listed and traded on the Shanghai Stock Exchange (stock code: 600597) |
| “Bright Food” | Bright Food (Group) Co., Ltd. (光明食品 (集團) 有限公司), a company established under the laws of the PRC |
| “Business Day” | a day on which commercial banks in Shanghai, the PRC are generally open for business (Saturdays, Sundays and PRC statutory holidays excepted) |
| “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 |
| “Consideration” | RMB1,550,013,386.34 (equivalent to approximately HK\$1,760,578,600), being the consideration for the sale and purchase of the Sale Shares |
| “Directors” | the directors of the Company |
| “Group” | the Company and its subsidiaries |
| “Listing Rules” | the Rules Governing the Listing of Securities on the Stock Exchange |
| “Sale Shares” | 314,404,338 ordinary shares in Bright Dairy, representing 30.176% of the issued share capital of Bright Dairy, of which 5% will be traded on the Shanghai Stock Exchange from October 2009 and the balance of 25.176% will be traded on the Shanghai Stock Exchange from October 2010 |
| “Share Transfer Agreement” | the share transfer agreement dated 27th July 2009 between SIFP and Bright Food in relation to the sale and purchase of the Sale Shares |
| “SIFP” | S.I. Food Products Holdings Ltd. (上實食品控股有限公司), a limited liability company established under the laws of the British Virgin Islands wholly-owned by the Company |
| “Stock Exchange” | The Stock Exchange of Hong Kong Limited |
| “HK\$” | Hong Kong dollars, the lawful currency of Hong Kong |
| “RMB” | Renminbi, the lawful currency of the PRC |
| “%” | per cent |

By order of the Board
Shanghai Industrial Holdings Limited
Leung Lin Cheong
Company Secretary

Hong Kong, 27th July 2009

For the purposes of this announcement, the exchange rate of HK\$1.00 = RMB0.8804 has been used, where applicable, for purpose of illustration only and does not constitute a representation that any amounts has been, could have been or may be exchanged at any particular rate on the date or dates in question or any other date.

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

Executive Directors:

Mr. Teng Yi Long, Mr. Cai Yu Tian, Mr. Lu Ming Fang, Mr. Ding Zhong De, Mr. Zhou Jie, Mr. Qian Shi Zheng, Mr. Yao Fang and Mr. Zhou Jun

Independent Non-Executive Directors:

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