CONNECTED TRANSACTION

On 12th August 2009, the Vendor and the Purchaser entered into the Agreement relating to the Acquisition pursuant to which the Vendor has agreed to sell the Sale Interests and the Purchaser has agreed to purchase the Sale Interests for the aggregate consideration of HK$445,748,963 on and subject to the terms and conditions of the Agreement.

The Consideration was arrived at by reference to the valuation of the Feng Mao Property and the Feng Qi Property as at 30th June 2009 of approximately RMB2,555 million (equivalent to approximately HK$2,902 million) as determined by DTZ Debenham Tie Leung Limited and also taking into account the amount of the Feng Mao Shanghai Loan and the Feng Qi Shanghai Loan in the total sum of RMB1,132,495,067 (equivalent to approximately HK$1,286,342,000) which will be repayable by the Group after Completion.

After Completion, the Group shall be responsible for 80% of the increased portion of the registered capital of Feng Mao Shanghai and Feng Qi Shanghai in the sum of RMB98,852,000 (equivalent to approximately HK$112,281,000) and RMB80,368,000 (equivalent to approximately HK$91,286,000) respectively.

Assuming Completion takes place, the total amount committed by the Group as a result of the Acquisition will be approximately HK$2,004 million, comprising (i) the Consideration, (ii) the Capital Commitment, (iii) the Feng Mao Shanghai Loan, (iv) the Feng Qi Shanghai Loan, and (v) the maximum amount of interest payable under the Feng Mao Shanghai Loan and the Feng Qi Shanghai Loan. After deducting therefrom the amount of the Capital Commitment and the maximum amount of interests payable in respect of the Feng Mao Shanghai Loan and the Feng Qi Shanghai Loan, the effective consideration payable by the Group for acquisition of the Feng Mao Property and the Feng Qi Property is approximately HK$1,732 million.

Since the Vendor is an indirect wholly owned subsidiary of SIIC, the controlling shareholder of the Company, the Vendor is a connected person of the Company under the Listing Rules and the Acquisition constitutes a connected transaction for the Company under the Listing Rules. As the consideration ratio for the Acquisition calculated under Rule 14.07 of the Listing Rules (by aggregating the maximum amount payable by the Group as a result of the Acquisition, being the
Consideration, the Capital Commitment and the Feng Mao Shanghai Loan and the Feng Qi Shanghai Loan as well as the maximum interest to be accrued thereon) exceeds 2.5% and the total maximum amount payable by the Group as a result of the Acquisition is more than HK$10,000,000, the Acquisition is subject to the reporting, disclosure and independent shareholders’ approval requirements under the Listing Rules.

The Independent Board Committee has been established to advise the Independent Shareholders as to the Acquisition and the Agreement and an independent financial adviser has been appointed by the Company to advise the Independent Board Committee and the Independent Shareholders in respect of the Acquisition and the Agreement.

A circular containing, amongst other things, details of the Acquisition and the Agreement, the letter of advice of the independent financial adviser to the Independent Board Committee and the Independent Shareholders, the recommendation of the Independent Board Committee to the Independent Shareholders, the valuation report in respect of the Feng Mao Property and the Feng Qi Property, the notice convening the EGM and other information as required under the Listing Rules will be despatched to the Shareholders as soon as practicable.

On 12th August 2009, the Vendor and the Purchaser entered into the Agreement relating to the Acquisition pursuant to which the Vendor has agreed to sell the Sale Interests and the Purchaser has agreed to purchase the Sale Interests for the aggregate consideration of HK$445,748,963 on and subject to the terms and conditions of the Agreement.

THE AGREEMENT DATED 12TH AUGUST 2009

The parties

(a) Glory Shine Holdings Limited as Vendor

(b) S.I. Urban Development Holdings Limited, an indirect wholly owned subsidiary of the Company, as purchaser

The Vendor is an indirect wholly owned subsidiary of SIIC, the controlling shareholder of the Company, and is therefore a connected person of the Company under the Listing Rules.

Assets to be acquired

Pursuant to the Agreement, the Purchaser shall acquire from the Vendor the Sale Interests. The Sale Interests consists of the entire issued share capital in each of Feng Mao BVI and Feng Qi BVI as well as all shareholder’s loans due from Feng Mao BVI and Feng Qi BVI to the Vendor.

Information on Feng Mao BVI

Feng Mao BVI is a company incorporated in the British Virgin Islands with limited liability on 6th April 2009. As at the date of the Agreement, Feng Mao BVI has no material assets other than its
wholly-owned subsidiaries Feng Mao HK and Feng Mao Shanghai and the principal activity of Feng Mao BVI is the holding of the entire issued share capital of Feng Mao HK.

Feng Mao HK is a company incorporated in Hong Kong with limited liability on 25th March 2009. As at the date of the Agreement, Feng Mao HK has no material assets other than its wholly-owned subsidiary Feng Mao Shanghai and the principal activity of Feng Mao HK is the holding of the entire equity interest in Feng Mao Shanghai.

Feng Mao Shanghai is a limited liability company established in the PRC on 24th June 2008. Approval was granted by the Shanghai Municipal Commission of Commerce (上海市商務委員會) on 3rd August 2009 for the transfer of the entire equity interest in Feng Mao Shanghai by Shanghai SIIC to Feng Mao HK and the approval certificate (批准證書) in respect of such transfer was issued on 5th August 2009. Upon completion of the Registration Procedures, Feng Mao Shanghai shall become a wholly owned subsidiary of Feng Mao HK.

The registered capital of Feng Mao Shanghai at the time of establishment was RMB30,000,000 (equivalent to approximately HK$34,075,000) and such registered capital has been fully paid up. On 3rd August 2009, approval was granted by the Shanghai Municipal Commission of Commerce for the increase of its registered capital to RMB153,565,000 (equivalent to approximately HK$174,426,000). According to the approval document, such increased registered capital is to be paid up by Feng Mao HK as to 20% at the time of application for the change of business registration and the balance within 2 years from the issue of the new business licence of Feng Mao Shanghai. As such, the Group shall be responsible for 80% of the increased portion of the registered capital of Feng Mao Shanghai in the sum of RMB98,852,000 (equivalent to approximately HK$112,281,000) after Completion. The principal activity of Feng Mao Shanghai is the holding and development of the Feng Mao Property.

As at the date of the Agreement, the amount of non-interest bearing and repayable on demand shareholder’s loan due and owing by Feng Mao Shanghai to the Vendor was HK$34,062,422. Prior to Completion, the Vendor shall advance further shareholder’s loan in the sum of HK$28,070,195 to Feng Mao Shanghai which will be on lend to Feng Mao HK to fund its payment of 20% of the increased portion of the registered capital of Feng Mao Shanghai. Such further shareholder’s loan shall form part of the Feng Mao Sale Loan.

As at the date of the Agreement, there was an outstanding loan due from Feng Mao Shanghai to Shanghai SIIC in the principal amount of RMB615,416,927.43 (equivalent to approximately HK$699 million) (the “Feng Mao Shanghai Loan”). Such loan was for a term of one year from 1st May 2009 to 30th April 2010 and may be repaid by Feng Mao Shanghai prior to its maturity. The Feng Mao Shanghai Loan carries interest at the prevailing interest rate for loans of one year charged by banks, which interest is payable quarterly.

The Feng Mao Property consists of two pieces of land located at 青浦區朱家角鎮新旺村(48-4 丘) (Qingpu District, Zhujiajiao Town, Xinwang Village (Lot 48-4)) and 青浦區朱家角鎮新華村(48/5 丘) (Qingpu District, Zhujiajiao Town, Xinhua Village (Lot 48/5)). As at the date of the Agreement, the Feng Mao Property was a piece of vacant bare land available for low density
residential development.
As at 10th August 2009, the unaudited net asset value of Feng Mao BVI was HK$8. The unaudited net profits both before and after taxation of Feng Mao BVI for the period from 6th April 2009 (the date of incorporation) to 10th August 2009 was nil.

As at 10th August 2009, the unaudited net asset value of Feng Mao HK was HK$1. The unaudited net profits both before and after taxation of Feng Mao HK for the period from 25th March 2009 (the date of incorporation) to 10th August 2009 was nil.

As at 30th April 2009, the audited net asset value of Feng Mao Shanghai was RMB29,988,563 (equivalent to approximately HK$34,062,000). The audited net loss both before and after tax of Feng Mao Shanghai for the four months ended 30th April 2009 was RMB11,437 (approximately HK$13,000).

The original costs for the Vendor for the acquisition of the Feng Mao Sale Shares was RMB29,988,563 (approximately HK$34,062,000).

Information on Feng Qi BVI

Feng Qi BVI is a company incorporated in the British Virgin Islands with limited liability on 21st April 2009. As at the date of the Agreement, Feng Qi BVI had no material assets other than its wholly-owned subsidiaries Feng Qi HK and Feng Qi Shanghai and the principal activity of Feng Qi BVI is the holding of the entire issued share capital of Feng Qi HK.

Feng Qi HK is a company incorporated in Hong Kong with limited liability on 25th March 2009. As at the date of the Agreement, Feng Qi HK had no material assets other than its wholly-owned subsidiary Feng Qi Shanghai and the principal activity of Feng Qi HK is the holding of the entire equity interest in Feng Qi Shanghai.

Feng Qi Shanghai is a limited liability company established in the PRC on 27th August 2008. Approval was granted by the Shanghai Municipal Commission of Commerce on 30th July 2009 for the transfer of the entire equity interest in Feng Qi Shanghai by Shanghai SIIC to Feng Qi HK and the approval certificate in respect of such transfer was issued on 31st July 2009. Upon completion of the Registration Procedures, Feng Qi Shanghai shall become a wholly owned subsidiary of Feng Qi HK.

The registered capital of Feng Qi Shanghai at the time of establishment was RMB30,000,000 (equivalent to approximately HK$34,075,000) and such registered capital has been fully paid up. On 30th July 2009, approval was granted by the Shanghai Municipal Commission of Commerce for the increase of its registered capital to RMB130,460,000 (equivalent to approximately HK$148,183,000). According to the approval document, such increased registered capital is to be paid up by Feng Qi HK as to 20% at the time of application for the change of business registration and the balance within 2 years from the issue of the new business licence of Feng Qi Shanghai. As such, the Group shall be responsible for 80% of the increased portion of the registered capital of Feng Qi Shanghai in the sum of RMB80,368,000 (equivalent to approximately HK$91,286,000). The principal activity of Feng Qi Shanghai is the holding and development of the Feng Qi Property.
As at the date of the Agreement, the amount of non-interest bearing and repayable on demand shareholder’s loan due and owing by Feng Qi Shanghai to the Vendor was HK$34,063,363. Prior to Completion, the Vendor shall advance further shareholder’s loan in the sum of HK$22,821,445 to Feng Qi Shanghai which will be on lend to Feng Qi HK to fund its payment of 20% of the increased portion of the registered capital of Feng Qi Shanghai. Such further shareholder’s loan shall form part of the Feng Qi Sale Loan.

As at the date of the Agreement, there was an outstanding loan due from Feng Qi Shanghai to Shanghai SIIC in the principal amount of RMB517,078,139.65 (equivalent to approximately HK$587 million) (the “Feng Qi Shanghai Loan”). Such loan was for a term of one year from 1st May 2009 to 30th April 2010 and may be repaid by Feng Qi Shanghai prior to its maturity. The Feng Qi Shanghai Loan carries interest at the prevailing interest rate for loans of one year charged by banks, which interest is payable quarterly.

The Feng Qi Property consists of a piece of land located at 青浦区朱家角镇10街坊(18/5丘) (Qingpu District, Zhujiajiao Town, No.10 Street (Lot 18/5)). As at the date of the Agreement, the Feng Qi Property was a piece of vacant bare land available for low density residential development.

As at 10th August 2009, the unaudited net asset value of Feng Qi BVI was HK$8. The unaudited consolidated net profits both before and after taxation of Feng Qi BVI for the period from 21st April 2009 (the date of incorporation) to 10th August 2009 was nil.

As at 10th August 2009, the unaudited net asset value of Feng Qi HK was HK$1. The unaudited net profits both before and after taxation of Feng Qi HK for the period from 25th March 2009 (the date of incorporation) to 10th August 2009 was nil.

As at 30th April 2009, the audited net asset value of Feng Qi Shanghai was RMB29,989,392 (equivalent to approximately HK$34,062,000). The audited net loss both before and after tax of Feng Mao Shanghai for the four months ended 30th April 2009 was RMB10,608 (approximately HK$13,000).

The original costs for the Vendor for the acquisition of the Feng Qi Sale Share was RMB29,989,392 (equivalent to approximately HK$34,063,000).

The Consideration

The aggregate consideration for Sale Interests is HK$445,748,963 of which HK$173,403,062 is the consideration for the Feng Mao Sale Share, HK$62,132,617 is the consideration for the Feng Mao Sale Loan, HK$153,328,476 is the consideration for the Feng Qi Sale Share and HK$56,884,808 is the consideration for the Feng Qi Sale Loan. The Consideration is payable by the Purchaser to the Vendor at Completion in cash.

The Consideration was arrived at after arm’s length negotiations between the Vendor and the Purchaser by reference to the valuation of the Feng Mao Property and the Feng Qi Property as at
30th June 2009 of approximately RMB2,555 million (equivalent to approximately HK$2,902 million) as determined by DTZ Debenham Tie Leung Limited, an independent valuer, based on the direct comparison method by making reference to comparable sales evidence as available in the relevant market and also taking into account the amount of the Feng Mao Shanghai Loan and the Feng Qi Shanghai Loan in the total sum of RMB1,132,495,067 (equivalent to approximately HK$1,286,342,000) which will be repayable by the Group after Completion.

Assuming Completion takes place, the total amount committed by the Group as a result of the Acquisition will be approximately HK$2,004 million, comprising (i) the Consideration in the amount of HK$445,748,963, (ii) the Capital Commitment in the amount of RMB179,220,000 (equivalent to approximately HK$203,567,000), (iii) the Feng Mao Shanghai Loan in the amount of RMB615,416,927.43 (equivalent to approximately HK$699 million), (iv) the Feng Qi Shanghai Loan in the amount of RMB517,078,139.65 (equivalent to approximately HK$587 million), and (v) the maximum amount of interest payable under the Feng Mao Shanghai Loan and the Feng Qi Shanghai Loan in the amount of RMB60,135,488 (equivalent to approximately HK$68,305,000). After deducting therefrom the amount of the Capital Commitment and the maximum amount of interests payable in respect of the Feng Mao Shanghai Loan and the Feng Qi Shanghai Loan, the effective consideration payable by the Group for acquisition of the Feng Mao Property and the Feng Qi Property is approximately HK$1,732 million.

The Conditions

Completion is conditional upon the following conditions being satisfied or waived by the Purchaser (as the case may be) on or before the Long Stop Date:

(a) the passing of an ordinary resolution by the Independent Shareholders at a general meeting of the Company approving the Agreement and the transactions contemplated thereunder;

(b) the completion of the Registration Procedures;

(c) the Purchaser undertaking and completing a due diligence investigation in respect of the Target Group (the including but not limited to the affairs, business, assets, liabilities, operations, records, financial position, assets, accounts, results, legal and financial structure and shareholding structure of the Target Group, including the due completion of the Registration Procedures), the Feng Mao Property and the Feng Qi Property and the Purchaser being satisfied in its absolute discretion with the results of such due diligence investigation in all respects and there is no matter appearing to the Purchaser from the due diligence investigation which in the opinion of the Purchaser may adversely affect the value of the Sale Interests;

(d) the warranties given by the Vendor under the Agreement remaining true and accurate in all material respects; and

(e) all registration procedures, approvals and/or consents required by government, laws, rules and regulations and contracts in respect of and/or in connection with the transactions contemplated under the Agreement having been completed and/or obtained.
The Purchaser may in its absolute discretion waive any one or more of the Conditions other than Conditions (a) and (d) above and such waiver may be made subject to such terms and conditions as may be determined by the Purchaser. If the Conditions are not fulfilled or waived by the Purchaser by 4:00 p.m. on the Long Stop Date, the Agreement shall lapse and be of no further effect and no party to the Agreement shall have any claim against or liability or obligation to the other party save in respect of any antecedent breaches of the Agreement.

Purchaser’s right to rescind the Agreement

The Purchaser may on or before the Completion Date in its absolute discretion by notice in writing to the Vendor terminate the Agreement forthwith if at any time prior to Completion:

(a) the Vendor commits any breach of or omits to observe any of its obligations or undertakings under the Agreement;

(b) any creditor makes a valid demand for repayment or payment of any indebtedness of any member of the Target Group or in respect of which any member of the Target Group is liable prior to its stated maturity which demand can be expected to have a Material Adverse Change (or Effect);

(c) the Vendor failing to observe certain provisions in the Agreement relating to conduct of the business of the Target Group prior to Completion;

(d) any member of the Target Group shall sustain any loss or damage which constitutes a Material Adverse Change (or Effect); or

(e) any petition is presented for the winding up or liquidation of any member of the Target Group or any member of the Target Group makes any composition or arrangement with its creditors or enters into a scheme of the Target Group or a provisional liquidator, receiver or manager is appointed over all or part of the assets or undertaking of any member of the Target Group or anything analogous thereto occurs and has not been withdrawn within 14 days thereof in respect of any member of the Target Group which can be expected to have a Material Adverse Change (or Effect).

Completion

Subject to and conditional upon fulfillment or waiver of all the Conditions, Completion shall take place on the Completion Date.

REASONS FOR AND BENEFITS OF THE ACQUISITION

The Group strives to expand and strengthen its real estate business segment so as to accelerate the growth of its core businesses. Through the acquisition of the premier Qing Pu land resources from its parent group, the Group further increases its investment in the real estate segment. Upon Completion, the parcels of land acquired under the Acquisition will be available to the Group for
development into low density residential areas and villas. The Acquisition will enhance the earnings base of the Group’s real estate business, and bring momentum to the continued development of the segment. The Group will pursue the possibility of further acquiring adjacent parcels of land for development use.

The Directors (excluding the independent non-executive Directors who will express their view after considering the advice from the independent financial adviser) consider that the Acquisition and the Agreement are fair and reasonable and on normal commercial terms and that the Acquisition is in the interests of the Group and the Shareholders as a whole.

**LISTING RULES IMPLICATIONS**

Since the Vendor is an indirect wholly owned subsidiary of SIIC, the controlling shareholder of the Company, the Vendor is a connected person of the Company under the Listing Rules and the Acquisition constitutes a connected transaction for the Company under the Listing Rules. As the consideration ratio for the Acquisition calculated under Rule 14.07 of the Listing Rules (by aggregating the maximum amount payable by the Group as a result of the Acquisition, being the Consideration, the Capital Commitment and the loans due from Feng Mao Shanghai and Feng Qi Shanghai to Shanghai SIIC as well as the maximum interest to be accrued thereon) exceeds 2.5% and the total maximum amount payable by the Group as a result of the Acquisition is more than HK$10,000,000, the Acquisition is subject to the reporting, disclosure and independent shareholders’ approval requirements under the Listing Rules.

The Company will convene the EGM for the purpose of seeking approval from the Independent Shareholders on the Agreement and the transactions contemplated thereunder. The votes at the EGM shall be taken by poll. As SIIC has a material interest in the Acquisition and the transactions contemplated under the Agreement by reason of it being the holding company of the Vendor, SIIC and its associates shall abstain from voting on the resolution to be proposed at the EGM to approve the Agreement and the transactions contemplated thereunder.

The Independent Board Committee has been established to advise the Independent Shareholders as to the Acquisition and the Agreement and an independent financial adviser has been appointed by the Company to advise the Independent Board Committee and the Independent Shareholders in respect of the Acquisition and the Agreement.

A circular containing, amongst other things, details of the Acquisition and the Agreement, the letter of advice of the independent financial adviser to the Independent Board Committee and the Independent Shareholders, the recommendation of the Independent Board Committee to the Independent Shareholders, the valuation report in respect of the Feng Mao Property and the Feng Qi Property, the notice convening the EGM and other information as required under the Listing Rules will be despatched to the Shareholders as soon as practicable.

As Shanghai SIIC is a wholly owned subsidiary of SIIC, the controlling shareholder of the Company, it is a connected person of the Company under the Listing Rules. Accordingly, each of the Feng Mao Shanghai Loan and the Feng Qi Shanghai Loan shall constitute a continuing connected transaction for the Company under the Listing Rules after Completion if such loan
remains outstanding after Completion. The Directors confirm that (i) the terms of the Feng Mao Shanghai Loan were on normal commercial terms to Feng Mao Shanghai and the Group and no security over the assets of Feng Mao Shanghai or the Group was or will be granted; and (ii) the terms of the Feng Qi Shanghai Loan were on normal commercial terms to Feng Qi Shanghai and the Group and no security over the assets of Feng Qi Shanghai or the Group was or will be granted. Accordingly, the Feng Mao Shanghai Loan and the Feng Qi Shanghai Loan shall after Completion be exempted continuing connected transactions for the Company under Rule 14A.65(4) of the Listing Rules and are not subject to any announcement, reporting or shareholders’ approval requirements under the Listing Rules.

GENERAL

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

The Vendor is principally engaged in the business of investment holding.

DEFINITIONS

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

“Acquisition” the Acquisition of the Sale Interests by the Purchaser from the Vendor pursuant to the terms and conditions of the Agreement

“Agreement” the conditional agreement dated 12th August 2009 entered into between the Vendor and the Purchaser in relation to the Acquisition

“associate(s)” has the meaning ascribed to it under the Listing Rules

“Board” the board of Directors

“Capital Commitment” the sum of RMB179,220,000 being the aggregate amount of the increased portion in the registered capital of Feng Mao Shanghai and Feng Qi Shanghai which the Group shall be responsible after Completion

“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
“Completion Date” the date when Completion shall take place, being the third business day after all the Conditions have been satisfied or waived (as the case may be) or such other date as may be agreed in writing between the Vendor and the Purchaser

“Conditions” the conditions precedent to Completion, as more particularly set out under the section headed “The Agreement dated 12th August 2009 – The Conditions” of this announcement

“Consideration” the consideration payable by the Purchaser to the Vendor for the Sale Interests, as more particularly set out under the section headed “The Agreement dated 12th August 2009 – The Consideration” of this announcement

“Directors” the directors of the Company

“EGM” the extraordinary general meeting of the Company to be convened to consider and, if thought fit, to approve the Agreement and the transactions contemplated thereunder

“Feng Mao BVI” S.I. Feng Mao Properties (BVI) Limited 上實豐茂置業(BVI)有限公司, a company incorporated in the British Virgin Islands with limited liability which is a wholly owned subsidiary of the Vendor

“Feng Mao HK” S.I. Feng Mao Properties Limited, a company incorporated in Hong Kong with limited liability which is a wholly owned subsidiary of Feng Mao BVI

“Feng Mao Property” the two pieces of land located at 青浦區朱家角鎮新華村(48-4 丘) (Qingpu District, Zhujiajiao Town, Xinhua Village (Lot 48-4)) and 青浦區朱家角鎮新旺村(48/5 丘) (Qingpu District, Zhujiajiao Town, Xinwang Village (Lot 48/5)) which are owned by Feng Mao Shanghai with a total site area of approximately 511,877 sq.m.

“Feng Mao Sale Loan” the shareholder’s loan in the principal amount of HK$62,132,617 which will be outstanding and owing at Completion by Feng Mao BVI to the Vendor, which is unsecured, non-interest bearing and repayable on demand

“Feng Mao Sale Share” 1 share of US$1 in Feng Mao BVI representing the entire issued share capital of Feng Mao BVI
“Feng Mao Shanghai” 上海豐茂置業有限公司(Shanghai Feng Mao Properties Co., Ltd.), a wholly owned foreign enterprise established in the PRC which is a wholly owned subsidiary of Feng Mao HK

“Feng Qi BVI” S.I. Feng Qi Properties (BVI) Limited 上實豐啟置業(BVI)有限公司, a company incorporated in the British Virgin Islands with limited liability which is a wholly owned subsidiary of the Vendor

“Feng Qi HK” S.I. Feng Qi Properties Limited, a company incorporated in Hong Kong with limited liability which is a wholly owned subsidiary of Feng Qi BVI

“Feng Qi Property” the piece of land located at 青浦區朱家角鎮 10 街坊 (18/5 丘) (Qingpu District, Zhujiajiao Town, No.10 Street (Lot 18/5)) which is owned by Feng Qi Shanghai with a total site area of 434,855 sq. m.

“Feng Qi Sale Loan” the shareholder’s loan in the principal amount of HK$56,884,808 which will be outstanding and owing at Completion by Feng Qi BVI to the Vendor, which is unsecured, non-interest bearing and repayable on demand

“Feng Qi Sale Share” 1 share of US$1 in Feng Qi BVI representing the entire issued share capital of Feng Qi BVI

“Feng Qi Shanghai” 上海豐啟置業有限公司(Shanghai Feng Qi Properties Co., Ltd.), a wholly owned foreign enterprise established in the PRC which is a wholly owned subsidiary of Feng Qi HK

“Group” the Company and its subsidiaries

“Hong Kong” the Hong Kong Special Administrative Region of the PRC

“Independent Board Committee” the committee of independent non-executive Directors, consisting of Dr. Lo Ka Shui, Prof. Woo Chia-Wei and Mr. Leung Pak To, Francis, formed to advise the Independent Shareholders on the Acquisition and the Agreement

“Independent Shareholders” Shareholders other than SIIC and its associates

“Listing Rules” Rules Governing the Listing of Securities on the Stock Exchange
“Long Stop Date” 31st December 2009 or such later date as may be agreed in writing between the Vendor and the Purchaser

“Material Adverse Change (or Effect)” any change (or effect), the consequence of which is to materially and adversely affect the financial position, business or property, results of operations, business prospects or assets of Feng Mao and its subsidiaries and/or Feng Qi and its subsidiaries

“PRC” The People’s Republic of China, which for the purpose of this announcement, excludes Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan

“Purchaser” S.I. Urban Development Holdings Limited, a company incorporated in Hong Kong with limited liability which is an indirect wholly owned subsidiary of the Company

“Registration Procedures” the registration procedures at the relevant State Administration for Industry & Commerce (工商行政管理局) in Shanghai pursuant to which:

(1) Feng Mao HK shall be registered as the shareholder of Feng Mao Shanghai and a new business license shall be issued to Feng Mao Shanghai; and

(2) Feng Qi HK shall be registered as the shareholder of Feng Qi Shanghai and a new business license shall be issued to Feng Qi Shanghai;

“Sale Interests” the Feng Mao Sale Share, the Feng Mao Sale Loan, the Feng Qi Sale Share and the Feng Qi Sale Loan

“Shareholders” holder(s) of shares of HK$0.10 each in the capital of the Company

“SIIC” Shanghai Industrial Investment (Holdings) Co. Ltd., a company incorporated under the laws of Hong Kong with limited liability which is the controlling Shareholder of the Company

“Shanghai SIIC” 上海上實(集團)有限公司(SIIC Shanghai (Holdings) Co., Ltd.), a company incorporated in the PRC with limited liability which is a wholly owned subsidiary of SIIC

“Stock Exchange” The Stock Exchange of Hong Kong Limited
“Target Group” Feng Mao BVI and its subsidiaries and Feng Qi BVI and its subsidiaries

“Vendor” Glory Shine Holdings Limited, a company incorporated in the British Virgin Islands with limited liability and an indirect wholly-owned subsidiary of SIIC

“sq.m.” square metres

“US$” United States dollars, the lawful currency of the United States of America

% per cent.

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

Hong Kong, 12th August 2009

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.

In this announcement, RMB has been converted to HK$ at the rate of RMB0.8804 = HK$1 and US$ has been converted to HK$ at the rate of US$1 = HK$7.8 for illustration purpose only. No representation is made that any amounts in RMB or HK$ or US$ have been, could have been or could be converted at the above rate or at any other rates or at all.

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