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(Incorporated in Hong Kong with limited liability)

(Stock Code: 363)

DISCLOSEABLE AND CONNECTED TRANSACTIONS

ACQUISITION OF COMPANIES HOLDING INTERESTS IN LAND IN QING PU DISTRICT, SHANGHAI, THE PRC

On 8th December 2009, the Vendor and the Purchaser entered into the Agreements relating to the Acquisitions pursuant to which the Purchaser has conditionally agreed to purchase the Feng Tao Sale Interests and the Feng Shun Sale Interests from the Vendor for the consideration of RMB182,550,705 (equivalent to approximately HK\$207,350,000) and RMB198,776,421 (equivalent to approximately HK\$225,780,000) respectively, on and subject to the terms and conditions of the respective Agreements.

The Feng Tao Consideration was arrived at after taking into consideration the valuation of the Feng Tao Property as at 30th November 2009 of approximately RMB1,060,000,000 (equivalent to approximately HK\$1,203,998,000) as determined by DTZ Debenham Tie Leung Limited and also taking into account the close relationship between SIIC and the Group, the amount of the Feng Tao Shanghai Loan in the principal sum of RMB375,040,138.79 (equivalent to approximately HK\$425,988,000) which will be repayable by the Group after Completion and the sum of RMB60,128,000 (equivalent to approximately HK\$68,296,000) being the amount of the increased portion in the registered capital of Feng Tao Shanghai which the Group shall be responsible after Completion as mentioned below.

The Feng Shun Consideration was arrived at after taking into consideration the valuation of the Feng Shun Property as at 30th November 2009 of approximately RMB1,210,000,000 (equivalent to approximately HK\$1,374,375,000) as determined by DTZ Debenham Tie Leung Limited and also taking into account the close relationship between SIIC and the Group, the estimated amount of the Feng Shun Shanghai Loan of not exceeding RMB456,223,579 (equivalent to approximately HK\$518,200,000) which will be repayable by the Group after Completion and the sum of not more than RMB85,873,920 (equivalent to approximately HK\$97,540,000) being the estimated amount of the increased portion in the registered capital of Feng Shun Shanghai which the Group shall be responsible after Completion as mentioned below.

After Completion, the Group shall be responsible for 80% of the increased portion of the registered capital of Feng Tao Shanghai in the sum of RMB60,128,000 (equivalent to approximately HK\$68,296,000). It is expected that the Group shall also be responsible for 80% of the increased portion of the registered capital of Feng Shun Shanghai which is estimated to be not more than RMB85,873,920 (equivalent to approximately HK\$97,540,000). The amount of the increased portion of the registered capital of Feng Shun Shanghai which the Group is expected to be responsible for is an estimated amount only, as the entire amount of the increased portion of the registered capital is subject to the final assessment by the relevant government authorities.

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 Acquisitions constitute connected transactions for the Company under the Listing Rules.

As the consideration ratio calculated pursuant to Rule 14.07 of the Listing Rules in respect of the Acquisitions (by aggregating the maximum amount payable by the Group as a result of the Acquisitions, being the Total Consideration, the Capital Commitment and the Feng Tao Shanghai Loan and the Feng Shun Shanghai Loan as well as the maximum interest to be accrued thereon) when aggregated with the Previous Acquisition exceed 2.5% and the total maximum amount payable by the Group as a result of the Acquisitions is more than HK\$10,000,000, the Acquisitions and the Agreements are subject to the reporting, disclosure and independent shareholders' approval requirements under the Listing Rules.

In addition, as the consideration ratio calculated pursuant to Rule 14.07 of the Listing Rules in respect of the Acquisitions when aggregated with the Previous Acquisition exceed 5% but are less than 25%, the Acquisitions also constitute discloseable transactions of the Company under the Listing Rules and are subject to the announcement requirement under the Listing Rules.

The Independent Board Committee has been established to advise the Independent Shareholders in respect of the Acquisitions and the Agreements 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 Acquisitions and the Agreements.

A circular containing, amongst other things, details of the Acquisitions and the Agreements, the letter of advice from 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 notice convening the EGM and other information as required under the Listing Rules will be despatched to the Shareholders as soon as practicable.

On 8th December 2009, the Vendor and the Purchaser entered into the Agreements relating to the Acquisitions pursuant to which the Purchaser has conditionally agreed to purchase the Feng Tao Sale Interests and the Feng Shun Sale Interests from the Vendor for the consideration of RMB182,550,705 (equivalent to approximately HK\$207,350,000) and RMB198,776,421

(equivalent to approximately HK\$225,780,000) respectively, on and subject to the terms and conditions of the respective Agreements.

THE FENG TAO AGREEMENT

Date

8th December 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 Feng Tao Agreement, the Purchaser shall acquire from the Vendor the Feng Tao Sale Interests. The Feng Tao Sale Interests consists of the entire issued share capital in Feng Tao BVI as well as the shareholder's loan due from Feng Tao BVI to the Vendor referred to below.

Information on Feng Tao BVI

Feng Tao BVI is a company incorporated in the British Virgin Islands with limited liability on 18th March 2009. As at the date of the Feng Tao Agreement, Feng Tao BVI has no material assets other than its wholly-owned subsidiaries Feng Tao HK and Feng Tao Shanghai and the principal activity of Feng Tao BVI is the holding of the entire issued share capital of Feng Tao HK.

Feng Tao HK is a company incorporated in Hong Kong with limited liability on 30th March 2009. As at the date of the Feng Tao Agreement, Feng Tao HK has no material assets other than its wholly-owned subsidiary Feng Tao Shanghai and the principal activity of Feng Tao HK is the holding of the entire equity interest in Feng Tao Shanghai.

Feng Tao Shanghai is a limited liability company established in the PRC on 1st June 2009 and is a wholly-owned subsidiary of Feng Tao HK. The registered capital of Feng Tao 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 26th August 2009, approval was granted by the Shanghai Municipal Commission of Commerce for the increase of its registered capital to RMB105,160,000 (equivalent to approximately HK\$119,446,000). According to the approval document, such increased registered capital is to be paid up by Feng Tao 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 Tao Shanghai. As such, the Group shall be responsible for

80% of the increased portion of the registered capital of Feng Tao Shanghai in the sum of RMB60,128,000 (equivalent to approximately HK\$68,296,000) after Completion. The principal activity of Feng Tao Shanghai is the holding and development of the Feng Tao Property.

As at the date of the Feng Tao Agreement, the amount of non-interest bearing and repayable on demand shareholder's loan due and owing by Feng Tao BVI to the Vendor was HK\$51,574,840.

As at the date of the Feng Tao Agreement, there was outstanding a loan due from Feng Tao Shanghai to SIIC Shanghai in the principal amount of RMB375,040,138.79 (equivalent to approximately HK\$425,988,000) which was for a term of one year from 1st July 2009 to 30th June 2010 and may be repaid by Feng Tao Shanghai prior to its maturity (the "**Feng Tao Shanghai Loan**") . The Feng Tao Shanghai Loan carries interest at the prevailing interest rate for loans of one year charged by banks, which interest is payable quarterly.

The Feng Tao Property consists of a piece of land located at 青浦區朱家角鎮9街坊43/3丘 (43/3 Qiu, Block 9, Zhujiajiao Town, Qingpu District) in Shanghai, the PRC. As at the date of the Feng Tao Agreement, the Feng Tao Property was a piece of vacant bare land available for low density residential development.

As at 30th November 2009, the unaudited net asset value of Feng Tao BVI was HK\$8. Feng Tao BVI did not record any profit nor loss for the period from 18th March 2009 (the date of incorporation) to 30th November 2009.

As at 30th November 2009, the unaudited net liabilities of Feng Tao HK was HK\$1,031. The unaudited net loss of Feng Tao HK for the period from 30th March 2009 (the date of incorporation) to 30th November 2009 was HK\$1,032.

As at 30th June 2009, the audited net asset value of Feng Tao Shanghai was RMB29,990,000 (equivalent to approximately HK\$34,064,000) and as at 30th November 2009, the unaudited net asset value of Feng Tao Shanghai was RMB45,032,000 (equivalent to approximately HK\$51,150,000). Feng Tao Shanghai did not record any profit nor loss for the four months ended 30th November 2009.

The original cost to the Vendor for the acquisition of the Feng Tao Sale Share in September 2009 was RMB45,022,000 (equivalent to approximately HK\$51,138,000).

The Feng Tao Consideration

The Feng Tao Consideration is RMB182,550,705 (equivalent to approximately HK\$207,350,000) of which RMB137,144,216 (equivalent to approximately HK\$155,775,000) is the consideration for the Feng Tao Sale Share and RMB45,406,489 (equivalent to approximately HK\$51,575,000) is the consideration for the Feng Tao Sale Loan. The Feng Tao Consideration is payable by the Purchaser to the Vendor at Completion in its Hong Kong Dollar Equivalent in cash.

The Feng Tao Consideration was arrived at after arm's length negotiations between the Vendor and the Purchaser after taking into consideration the valuation of the Feng Tao Property as at 30th November 2009 of approximately RMB1,060,000,000 (equivalent to approximately HK\$1,203,988,000) 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 close relationship between SIIC and the Group, the amount of the Feng Tao Shanghai Loan in the principal amount of RMB375,040,138.79 (equivalent to approximately HK\$425,988,000) which will be repayable by the Group after Completion and the sum of RMB60,128,000 (equivalent to approximately HK\$68,296,000) being the amount of the increased portion in the registered capital of Feng Tao Shanghai which the Group shall be responsible after Completion.

Conditions

Completion of the Feng Tao Acquisition is conditional upon the following conditions ("**Feng Tao 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 Feng Tao Agreement and the transactions contemplated thereunder;
- (b) the Purchaser undertaking and completing a due diligence investigation in respect of the Feng Tao Group (including but not limited to the affairs, business, assets, liabilities, operations, records, financial position, accounts, results, legal and financial structure and shareholding structure of the Feng Tao Group) and the Feng Tao 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 Feng Tao Sale Share and/or the Feng Tao Sale Loan;
- (c) the warranties given by the Vendor under the Feng Tao Agreement remaining true and accurate in all material respects; and
- (d) 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 Feng Tao Agreement having been completed and/or obtained.

The Purchaser may in its absolute discretion waive any one or more of the Feng Tao Conditions other than the Feng Tao Condition set out in paragraph (a) above and such waiver may be made subject to such terms and conditions as may be determined by the Purchaser. If the Feng Tao Conditions are not fulfilled or waived by the Purchaser by 4:00 p.m. on the Long Stop Date, the Feng Tao Agreement shall lapse and be of no further effect and no party to the Feng Tao Agreement shall have any claim against or liability or obligation to the other party save in respect of any antecedent breaches of the Feng Tao Agreement.

Purchaser's right to rescind the Feng Tao Agreement

The Purchaser may on or before the Completion Date in its absolute discretion by notice in writing to the Vendor terminate the Feng Tao 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 Feng Tao Agreement;
- (b) any creditor makes a valid demand for repayment or payment of any indebtedness of any member of the Feng Tao Group or in respect of which any member of the Feng Tao 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 observed certain provisions in the Feng Tao Agreement relating to conduct of the business of the Feng Tao Group prior to Completion;
- (d) any member of the Feng Tao 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 Feng Tao Group or any member of the Feng Tao Group makes any composition or arrangement with its creditors or enters into a scheme of the Feng Tao Group or a provisional liquidator, receiver or manager is appointed over all or part of the assets or undertaking of any member of the Feng Tao Group or anything analogous thereto occurs and have not been withdrawn within 14 days thereof in respect of any member of the Feng Tao Group which can be expected to have a Material Adverse Change (or Effect).

Completion of the Feng Tao Acquisition

Subject to and conditional upon fulfillment or waiver of all the Feng Tao Conditions, Completion of the Feng Tao Acquisition shall take place on the Completion Date. Completion of the Feng Tao Acquisition is not inter-conditional upon completion of the Feng Shun Acquisition.

THE FENG SHUN AGREEMENT

Date

8th December 2009

The parties

- (a) Glory Shine Holdings Limited as Vendor
- (b) S.I. Urban Development Holdings Limited as purchaser

Assets to be acquired

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

Information on Feng Shun BVI

Feng Shun BVI is a company incorporated in the British Virgin Islands with limited liability on 18th March 2009. As at the date of the Feng Shun Agreement, Feng Shun BVI had no material assets other than its wholly-owned subsidiary Feng Shun HK and the principal activity of Feng Shun BVI is the holding of the entire issued share capital of Feng Shun HK.

Feng Shun HK is a company incorporated in Hong Kong with limited liability on 25th March 2009. As at the date of the Feng Shun Agreement, Feng Shun HK had no material assets and the principal activity of Feng Shun HK will be the holding of the entire equity interest in Feng Shun Shanghai.

Feng Shun Shanghai is a limited liability company established in the PRC on 1st June 2009 and is currently a wholly-owned subsidiary of SIIC Shanghai. On 3rd December 2009, Feng Shun HK entered into an equity interest transfer agreement with SIIC Shanghai pursuant to which SIIC Shanghai has agreed to sell and Feng Shun HK has agreed to purchase the entire equity interest held by SIIC Shanghai in Feng Shun Shanghai. Upon completion of the Registration Procedures, Feng Shun Shanghai will become a wholly-owned subsidiary of Feng Shun HK. The principal activity of Feng Shun Shanghai will be the holding and development of the Feng Shun Property.

The registered capital of Feng Shun 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. It is intended that application be made to the relevant PRC government authorities for the increase in the registered capital of Feng Shun Shanghai and it is expected that the increased portion of the registered capital will not exceed the amount of RMB107,342,400 (equivalent to approximately HK\$121,925,000,). It is also expected that such increased portion of the registered capital is to be paid up by Feng Shun 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 Shun Shanghai. As such, it is expected that the Group shall be responsible for 80% of the increased portion of the registered capital of Feng Shun Shanghai which is estimated to be not more than RMB85,873,920 (equivalent to approximately HK\$97,540,000). The amount of the increased portion of the registered capital of Feng Shun Shanghai which the Group is expected to be responsible for is an estimated amount only, as the entire amount of the increased portion of the registered capital is subject to the final assessment and approval of the relevant PRC government authorities.

As at the date of the Feng Shun Agreement, the amount of non-interest bearing and repayable on demand shareholder's loan due and owing by Feng Shun BVI to the Vendor was HK\$34,075,000. It is expected that the Vendor shall advance a further loan to Feng Shun BVI to fund the payment of the 20% increased portion of the registered capital of Feng Shun Shanghai before Completion.

As at the date of the Feng Shun Agreement, there was an outstanding loan due from Feng Shun Shanghai to SIIC Shanghai in the principal amount of RMB218,263,107.72 (equivalent to approximately HK\$247,914,000). Such loan was for a term of one year from 1st December 2009 to 30th November 2010 and may be repaid by Feng Shun Shanghai prior to its maturity. It is estimated that SIIC Shanghai shall advance a further sum of not exceeding RMB237,960,471 (equivalent to approximately HK\$270,287,000) to Feng Shun Shanghai before Completion, and when aggregated with the aforesaid amount of RMB218,263,107.72 (equivalent to approximately HK\$247,914,000) outstanding as at the date of the Feng Shun Agreement, the aggregated sum advanced from SIIC Shanghai to Feng Shun Shanghai before Completion is expected to be an amount not exceeding RMB456,223,579 (equivalent to approximately HK\$518,200,000) (the **“Feng Shun Shanghai Loan”**). The Feng Shun Shanghai Loan carries interest at the prevailing interest rate for loans of one year charged by banks, which interest is payable quarterly.

The Feng Shun Property consists of a piece of land located at Zhujiajiao Town, Qingpu District, Shanghai, the PRC with a total site area of approximately 401,273 sq. m.. As at the date of the Feng Shun Agreement, the Feng Shun Property was a piece of land available for low density residential development. SIIC Shanghai had entered into the Supplemental Land Agreement for the acquisition of the land use rights in respect of the Feng Shun Property and shall arrange with the relevant PRC government authorities to issue the Certificate of Real Estate Ownership in respect of the Feng Shun Property to Feng Shun Shanghai.

As at 30th November 2009, the unaudited net asset value of Feng Shun BVI was HK\$8. Feng Shun BVI did not record any profit nor loss for the period from 18th March 2009 (the date of incorporation) to 30th November 2009.

As at 30th November 2009, the unaudited net asset value of Feng Shun HK was HK\$1. Feng Shun HK did not record any profit nor loss for the period from 25th March 2009 (the date of incorporation) to 30th November 2009.

As at 30th November 2009, the unaudited net asset value of Feng Shun Shanghai was RMB30,000,000 (equivalent to approximately HK\$34,075,000). Feng Shun Shanghai did not record any profit nor loss for the four months ended 30th November 2009.

The original cost to the Vendor for the acquisition of the Feng Shun Sale Share is RMB30,000,000 (equivalent to approximately HK\$34,075,000) plus the contribution of 20% of the increased portion of the registered capital of Feng Shun Shanghai which is expected to be not exceeding RMB21,468,480 (equivalent to approximately HK\$24,385,000).

The Feng Shun Consideration

The Feng Shun Consideration is RMB198,776,421 (equivalent to approximately HK\$225,780,000) of which the consideration for the Feng Shun Sale Loan is an amount equivalent to the Feng Shun Sale Loan and the remaining balance of the Feng Shun Consideration is the consideration for the Feng Shun Sale Share. The Feng Shun Consideration is payable by the Purchaser to the Vendor at Completion in its Hong Kong Dollar Equivalent in cash.

The Feng Shun Consideration was arrived at after arm's length negotiations between the Vendor and the Purchaser after taking into consideration the valuation of the Feng Shun Property as at 30th November 2009 of approximately RMB1,210,000,000 (equivalent to approximately HK\$1,374,375,000) 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 close relationship between SIIC and the Group, the estimated amount of the Feng Shun Shanghai Loan of not exceeding RMB456,223,579 (equivalent to approximately HK\$518,200,000) which will be repayable by the Group after Completion and the sum of not more than RMB85,873,920 (equivalent to approximately HK\$97,540,000) being the estimated amount of the increased portion in the registered capital of Feng Shun Shanghai which the Group shall be responsible after Completion.

Conditions

Completion of the Feng Shun Acquisition is conditional upon the following conditions (“**Feng Shun 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 Feng Shun Agreement and the transactions contemplated thereunder;
- (b) the completion of the Registration Procedures;
- (c) Feng Shun Shanghai having obtained the Certificate of Real Estate Ownership (房地產權証) in respect of the Feng Shun Property as well as vacant possession of the Feng Shun Property;
- (d) all compensation fees for land development (土地開發補償費) and other demolition and resettlement fees (拆遷費) payable in connection with the Feng Shun Property having been fully paid;
- (e) the Purchaser undertaking and completing a due diligence investigation in respect of the Feng Shun Group (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 Feng Shun Group) and the Feng Shun 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 Feng Shun Sale Share;
- (f) the warranties given by the Vendor under the Feng Shun Agreement remaining true and accurate in all material respects; and

- (g) 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 Feng Shun Agreement having been completed and/or obtained.

The Purchaser may in its absolute discretion waive any one or more of the Feng Shun Conditions other than the Feng Shun Conditions set out in paragraphs (a) to (d) above and such waiver may be made subject to such terms and conditions as may be determined by the Purchaser. If the Feng Shun Conditions are not fulfilled or waived by the Purchaser by 4:00 p.m. on the Long Stop Date, the Feng Shun Agreement shall lapse and be of no further effect and no party to the Feng Shun Agreement shall have any claim against or liability or obligation to the other party save in respect of any antecedent breaches of the Feng Shun Agreement.

Purchaser's right to rescind the Feng Shun Agreement

The Purchaser may on or before the Completion Date in its absolute discretion by notice in writing to the Vendor terminate the Feng Shun 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 Feng Shun Agreement;
- (b) any creditor makes a valid demand for repayment or payment of any indebtedness of any member of the Feng Shun Group or in respect of which any member of the Feng Shun 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 observed certain provisions in the Feng Shun Agreement relating to conduct of the business of the Feng Shun Group prior to Completion;
- (d) any member of the Feng Shun 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 Feng Shun Group or any member of the Feng Shun Group makes any composition or arrangement with its creditors or enters into a scheme of the Feng Shun Group or a provisional liquidator, receiver or manager is appointed over all or part of the assets or undertaking of any member of the Feng Shun Group or anything analogous thereto occurs and have not been withdrawn within 14 days thereof in respect of any member of the Feng Shun Group which can be expected to have a Material Adverse Change (or Effect).

Completion of the Feng Shun Acquisition

Subject to and conditional upon fulfillment or waiver of all the Feng Shun Conditions, Completion of the Feng Shun Acquisition shall take place on the Completion Date. Completion of the Feng Shun Acquisition is not inter-conditional upon completion of the Feng Tao Acquisition.

REASONS FOR AND BENEFITS OF THE ACQUISITIONS

In order to increase the scale of its investment in the real estate business and strengthen the earnings growth momentum of its core businesses, the Group further acquires two more pieces of land located in Qingpu District, Shanghai following its acquisition of two adjacent pieces of land in the Qingpu District pursuant to the Previous Acquisition in September 2009 this year. Upon completion of the Acquisitions, the Feng Tao Property and the Feng Shun Property will be used for development into low density residential areas and villas. The Acquisitions have made available more high quality land resources to be injected into the Group, thereby accelerating the pace of development of its real estate business.

Assuming Completion of the Acquisitions takes place, the total amount committed by the Group as a result of the Acquisitions will be approximately RMB1,395,615,000 (equivalent to approximately HK\$1,585,205,000), comprising (i) the Total Consideration in the amount of RMB381,327,126 (equivalent to approximately HK\$433,129,000), (ii) the Capital Commitment in the amount of RMB146,001,920 (equivalent to approximately HK\$165,836,000), (iii) the Feng Tao Shanghai Loan in the principal amount of RMB375,040,138.79 (equivalent to approximately HK\$425,988,000)), (iv) the Feng Shun Shanghai Loan in the estimated amount of not exceeding RMB456,223,579 (equivalent to approximately HK\$518,200,000), and (v) the estimated maximum amount of interest payable under the Feng Tao Shanghai Loan and the Feng Shun Shanghai Loan in the aggregate amount of approximately RMB37,022,300 (equivalent to approximately HK\$42,052,000).

The Company is currently under preliminary discussions with an independent third party with a view to explore future possibilities to jointly develop the lands which the Group has or will acquire pursuant to the Previous Acquisition as well as the Acquisitions. However, at this stage, nothing concrete has been decided and no binding agreement has been entered into by the Group and the independent third party in this respect.

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 Acquisitions and the Agreements are fair and reasonable and on normal commercial terms and that the Acquisitions are 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 calculated pursuant to Rule 14.07 of the Listing Rules in respect of the Acquisitions (by aggregating the maximum amount payable by the Group as a result of the Acquisitions, being the Total Consideration, the Capital Commitment and the Feng Tao Shanghai Loan and the Feng Shun Shanghai Loan as well as the maximum interest to be accrued thereon) when aggregated with the Previous Acquisition exceed 2.5% and the total maximum amount payable by the Group as a result of the Acquisitions is more than HK\$10,000,000, the Acquisitions

and the Agreements are subject to the reporting, disclosure and independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

In addition, as the consideration ratio calculated pursuant to Rule 14.07 of the Listing Rules in respect of the Acquisitions when aggregated with the Previous Acquisition exceed 5% but are less than 25%, the Acquisitions also constitute discloseable transactions of the Company under the Listing Rules and are subject to the announcement requirement under Chapter 14 of the Listing Rules.

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

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

A circular containing, amongst other things, details of the Acquisitions and the Agreements, the letter of advice from 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 Tao Property and the Feng Shun 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 SIIC Shanghai 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 Tao Shanghai Loan and the Feng Shun 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 Tao Shanghai Loan were on normal commercial terms to Feng Tao Shanghai and the Group and no security over the assets of Feng Tao Shanghai or the Group was or will be granted; and (ii) the terms of the Feng Shun Shanghai Loan were on normal commercial terms to Feng Shun Shanghai and the Group and no security over the assets of Feng Shun Shanghai or the Group was or will be granted. Accordingly, the Feng Tao Shanghai Loan and the Feng Shun 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:

“Acquisitions”	the Feng Tao Acquisition and the Feng Shun Acquisition
“Agreements”	the Feng Tao Agreement and the Feng Shun Agreement
“associate(s)”	has the meaning ascribed to it under the Listing Rules
“Board”	the board of Directors
“Capital Commitment”	the sum of not exceeding RMB146,001,920 (equivalent to approximately HK\$165,836,000) being the estimated maximum aggregate amount of the increased portion in the registered capital of Feng Tao Shanghai and Feng Shun 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 Feng Tao Acquisition pursuant to the Feng Tao Agreement or completion of the Feng Shun Acquisition pursuant to the Feng Shun Agreement, as the case may be
“Completion Date”	the date when Completion shall take place, being the third business day after all the Feng Tao Conditions or the Feng Shun Conditions (as the case may be) 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
“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 Agreements and the transactions contemplated thereunder
“Feng Shun Acquisition”	the acquisition of the Feng Shun Sale Share from the Vendor pursuant to the terms and conditions of the Feng Shun Agreement

“Feng Shun Agreement”	the conditional agreement dated 8th December 2009 entered into between the Vendor and the Purchaser in relation to the Feng Shun Acquisition
“Feng Shun BVI”	S.I. Feng Shun Properties (BVI) Limited, a company incorporated in the British Virgin Islands with limited liability which is a wholly-owned subsidiary of the Vendor
“Feng Shun Consideration”	the consideration payable by the Purchaser for the Feng Shun Acquisition pursuant to the terms and conditions of the Feng Shun Agreement
“Feng Shun Group”	Feng Shun BVI and its subsidiaries
“Feng Shun HK”	S.I. Feng Shun Properties Limited, a company incorporated in Hong Kong with limited liability which is a wholly-owned subsidiary of Feng Shun BVI
“Feng Shun Property”	the piece of land located at Zhujiajiao Town, Qingpu District, Shanghai, the PRC with a total site area of approximately 401,273 sq. m. as specified in the plan attached to the Supplemental Land Agreement
“Feng Shun Sale Interests”	the Feng Shun Sale Share and the Feng Shun Sale Loan
“Feng Shun Sale Loan”	the shareholder’s loan which will be outstanding and owing at Completion by Feng Shun BVI to the Vendor, which is unsecured, non-interest bearing and repayable on demand and which as at the date of the Feng Shun Agreement amounted to HK\$34,075,000
“Feng Shun Sale Share”	1 share of US\$1 (equivalent to approximately HK\$7.8) in Feng Shun BVI representing the entire issued share capital of Feng Shun BVI
“Feng Shun Shanghai”	Shanghai Feng Shun Properties Co., Ltd. (上海豐順置業有限公司), a wholly-owned foreign enterprise established in the PRC which is a wholly-owned subsidiary of Feng Shun HK
“Feng Tao Acquisition”	the acquisition of the Feng Tao Sale Share from the Vendor pursuant to the terms and conditions of the Feng Tao Agreement
“Feng Tao Agreement”	the conditional agreement dated 8th December 2009 entered into between the Vendor and the Purchaser in relation to the Feng Tao Acquisition

“Feng Tao BVI”	S.I. Feng Tao Properties (BVI) Limited, a company incorporated in the British Virgin Islands with limited liability which is a wholly-owned subsidiary of the Vendor
“Feng Tao Consideration”	the consideration payable by the Purchaser for the Feng Tao Acquisition pursuant to the terms and conditions of the Feng Tao Agreement
“Feng Tao Group”	Feng Tao BVI and its subsidiaries
“Feng Tao HK”	S.I. Feng Tao Properties Limited, a company incorporated in Hong Kong with limited liability which is a wholly-owned subsidiary of Feng Tao BVI
“Feng Tao Property”	the piece of land located at 青浦區朱家角鎮9街坊43/3丘 (43/3 Qiu, Block 9, Zhujiajiao Town, Qingpu District) in Shanghai, the PRC owned by Feng Tao Shanghai with a total site area of approximately 350,532.6 sq.m.
“Feng Tao Sale Interests”	the Feng Tao Sale Share and the Feng Tao Sale Loan
“Feng Tao Sale Loan”	the shareholder’s loan in the principal amount of HK\$51,575,000 which will be outstanding and owing at Completion by Feng Tao BVI to the Vendor, which is unsecured, non-interest bearing and repayable on demand
“Feng Tao Sale Share”	1 share of US\$1 (equivalent to approximately HK\$7.8) in Feng Tao BVI representing the entire issued share capital of Feng Tao BVI
“Feng Tao Shanghai”	Shanghai Feng Tao Properties Co., Ltd. (上海豐濤置業有限公司), a wholly-owned foreign enterprise established in the PRC which is a wholly-owned subsidiary of Feng Tao HK
“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Hong Kong Dollar Equivalent”	in respect of an amount in RMB, means the HK\$ equivalent of such RMB amount determined with reference to the mid-point of the exchange rate published by the People’s Bank of China, at 12:00 noon on the relevant date

“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 Acquisitions and the Agreements
“Independent Shareholders”	the Shareholders who are not prohibited under the Listing Rules from voting at the EGM to approve the Acquisitions and the Agreements
“Listing Rules”	Rules Governing the Listing of Securities on the Stock Exchange
“Long Stop Date”	30th September 2010 (in respect of both the Feng Tao Acquisition and the Feng Shun Acquisition), or such later date(s) 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 Tao Group and/or Feng Shun Group
“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
“Previous Acquisition”	the acquisition of the entire issued share capital in each of S.I. Feng Mao Properties (BVI) Limited and S.I. Feng Qi Properties (BVI) Limited from the Vendor as disclosed in the announcement of the Company dated 12th August 2009
“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 in Shanghai pursuant to which Feng Shun HK shall be registered as the shareholder of Feng Shun Shanghai and a new business license shall be issued to Feng Shun Shanghai;
“Sale Interests”	the Feng Tao Sale Share, the Feng Tao Sale Loan, the Feng Shun Sale Share and the Feng Shun Sale Loan
“Shareholders”	holder(s) of shares of HK\$0.10 each in the capital of the Company

“SIIC”	Shanghai Industrial Investment (Holdings) Company Limited, a company incorporated under the laws of Hong Kong with limited liability which is the controlling Shareholder of the Company
“SIIC Shanghai”	SIIC Shanghai Holdings Co., Ltd. (上海上實(集團)有限公司), 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
“Supplemental Land Agreement”	the supplemental agreement dated 13th November 2005 (滬青房地(2005)出讓合同補字第 28 號) made between 上海市青浦區房屋土地管理局 (Shanghai Qingpu Housing and Land Resource Administration Bureau) and SIIC Shanghai relating to the Feng Shun Property, which is supplemental to the Shanghai State-owned Land Use Rights Grant Contract dated 20th January 2003 (滬青房地(2003)出讓合同第 9 號) made between 上海市房屋土地資源管理局 (Shanghai Housing and Land Resource Administration Bureau), SIIC Shanghai and Shanghai Industrial Development Co. Ltd. (上海實業發展股份有限公司)
“Total Consideration”	the aggregate of the Feng Tao Consideration and the Feng Shun Consideration
“Vendor”	Glory Shine Holdings Limited, a company incorporated in the British Virgin Islands with limited liability and an indirect wholly-owned subsidiary of SIIC
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“RMB”	Renminbi Yuan, the lawful currency of the PRC
“sq.m.”	square metres
“US\$”	United States dollars, the lawful currency of the United States of America
%	per cent.

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.

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

Hong Kong, 8th December 2009

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. Zhou Jie, Mr. Qian Shi Zheng,
Mr. Yao Fang, Mr. Zhou Jun and Mr. Qian Yi*

Independent Non-Executive Directors:

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