

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)

CONNECTED AND DISCLOSEABLE TRANSACTIONS

DISPOSALS OF INTERESTS IN COMPANIES HOLDING PROPERTY INTERESTS IN SHANGHAI

The Board announces that on 26 February 2011:

- (i) S.I. Urban Development, an indirect wholly-owned subsidiary of the Company, and the Company entered into the Feng Tao Agreement with the Feng Tao Purchaser and CTF, pursuant to which S.I. Urban Development agreed to sell the Feng Tao Sale Shares and assign the Feng Tao Sale Loan to the Feng Tao Purchaser at an aggregate consideration of RMB1,131,000,000 (equivalent to approximately HK\$1,334,041,000);
- (ii) S.I. Urban Development and the Company entered into the Feng Shun Agreement with the Feng Shun Purchaser and CTF, pursuant to which S.I. Urban Development agreed to sell the Feng Shun Sale Shares and assign the Feng Shun Sale Loan to the Feng Shun Purchaser at an aggregate consideration of RMB1,305,000,000 (equivalent to approximately HK\$1,539,278,000); and
- (iii) the Company entered into the Good Cheer Agreement with the Good Cheer Purchasers and CTF, pursuant to which the Company agreed to sell the Good Cheer Sale Shares and assign the Good Cheer Sale Loan to the Good Cheer Purchasers at an aggregate consideration of HK\$1,168,000,000.

The Feng Tao Purchaser, the Feng Shun Purchaser, the Good Cheer Purchasers and CTF are ultimately controlled by Dr. Cheng and his family members, and Dr. Cheng is the father-in-law of Mr. Doo, who is an independent non-executive director of Shanghai Industrial Urban Development Group Limited, a non-wholly owned subsidiary of the Company. Accordingly, the Feng Tao Purchaser, the Feng Shun Purchaser, the Good Cheer Purchasers and CTF are connected persons of the Company under the Listing Rules, and the Disposals constitute connected transactions for the Company under the Listing Rules.

As one of the applicable percentage ratios for the Disposals are over 5% but are less than 25%, the Disposals constitute connected and discloseable transactions of the Company under the Listing Rules and are subject to the reporting, announcement and independent shareholders' approval requirements of Chapter 14 and Chapter 14A of the Listing Rules.

Since the Disposals are connected solely because of the interest of Mr. Doo, and Mr. Doo does not control the Company and his principal business interest is not the Group, a waiver has been applied for pursuant to Rule 14A.42(1) of the Listing Rules from strict compliance with the circular and independent shareholders' approval requirements under Chapter 14A of the Listing Rules. The Directors are pleased to announce that a waiver was granted by the Stock Exchange on the condition that there will be a letter from the Company's auditor or financial adviser stating that the Disposals are fair and reasonable so far as the shareholders of the Company are concerned.

FENG TAO AGREEMENT

Date

26 February 2011

Parties

- (a) S.I. Urban Development, as vendor
- (b) the Feng Tao Purchaser, as purchaser
- (c) the Company, as vendor's guarantor
- (d) CTF, as purchaser's guarantor

Assets to be disposed of

The Feng Tao Purchaser will acquire the Feng Tao Sale Shares, representing 90% of the entire issued share capital of Feng Tao BVI, and the Feng Tao Sale Loan, being 90% of the shareholders' loan that will be outstanding and owing by Feng Tao BVI to S.I. Urban Development as at completion.

Consideration

The aggregate consideration for the Feng Tao Sale Shares and the Feng Tao Sale Loan is RMB1,131,000,000 (equivalent to approximately HK\$1,334,041,000), which shall be payable by the Feng Tao Purchaser to S.I. Urban Development in the Hong Kong dollar equivalent (based on the central parity rate announced by the People's Bank of China as at the date of the Feng Tao Agreement) in cash in the following manner:

- (a) RMB50,000,000 (equivalent to approximately HK\$58,976,000) payable within three business days after the date of signing the Feng Tao Agreement;

- (b) RMB60,000,000 (equivalent to approximately HK\$70,771,000) payable on 30 June 2011;
- (c) RMB460,000,000 (equivalent to approximately HK\$542,581,000) payable at completion; and
- (d) the balance of RMB561,000,000 (equivalent to approximately HK\$661,713,000) payable on the day falling 24 months after completion date.

The consideration for the Feng Tao Sale Shares and the Feng Tao Sale Loan was arrived at after arm's length negotiations between S.I. Urban Development and the Feng Tao Purchaser after taking into consideration: (i) the valuation surplus (net of tax impact) of the Feng Tao Property as at 31 December 2010 of approximately RMB1,151,000,000 (equivalent to approximately HK\$1,357,632,000); (ii) the consolidated net assets value of Feng Tao Group as at 30 September 2010 of approximately RMB672,000 (equivalent to approximately HK\$793,000); (iii) additional registered share capital injection of Feng Tao Shanghai in the amount of approximately RMB60,000,000 (equivalent to approximately HK\$70,771,000); and (iv) the amount of the Feng Tao Sale Loan of approximately HK\$51,583,000 as at 30 September 2010.

Conditions

Completion of the Feng Tao Agreement is conditional upon fulfilment (or waiver) of the following conditions:

- (a) S.I. Urban Development having proved to the reasonable satisfaction of the Feng Tao Purchaser that:
 - (i) all land purchase price and land grant fees, premiums and all other charges of whatsoever nature with respect to the grant, acquisition and use of such land use rights due and payable in respect of the Feng Tao Property have been paid in full;
 - (ii) the registered share capital of Feng Tao Shanghai has been increased to the amount of RMB105,160,000;
 - (iii) both the Feng Shun Shanghai Transfer and the Feng Shun BVI Transfer have been duly completed;
- (b) the warranties not being untrue or inaccurate or misleading at completion which results in a material adverse effect;
- (c) S.I. Urban Development having complied with the pre-completion obligations and all covenants in all material respects;
- (d) no statute, regulation or decision prohibiting, restricting or materially delaying the sale and purchase of the Feng Tao Sale Shares having been proposed, enacted or taken by any governmental or official authority and neither the land grant contract nor other documents

relating to the grant of the land use rights in respect of Feng Tao Property will prohibit, restrict or delay the sale and purchase of the Feng Tao Sale Shares after completion;

- (e) all approvals and consents of third parties which are necessary for the entering into and the implementation of the Feng Tao Agreement and all transaction contemplated thereunder having been obtained; and
- (f) the approval of the shareholders of S.I. Urban Development and the independent shareholders of the Company (if required under the Listing Rules) being obtained in respect of the sale and purchase of the Feng Tao Sale Shares and the assignment of Feng Tao Sale Loan pursuant to the Feng Tao Agreement.

If any of the conditions has not been satisfied (or waived) on or before 30 June 2012 (or such later date as may be agreed in writing between the parties), no party shall be bound to proceed with the sale and purchase of Feng Tao Sale Shares and the assignment of the Feng Tao Sale Loan. In the event that the Feng Tao Agreement is terminated, S.I. Urban Development shall forthwith return to the Feng Tao Purchaser all monies received from the Feng Tao Purchaser under the Feng Tao Agreement with interest.

Completion

Completion shall take place on 31 December 2011 (or such other date as the parties may agree in writing) subject to the fulfilment (or waiver) of the above conditions.

Post Completion

After completion, the Feng Tao Purchaser shall have pre-emptive rights over the remaining 10% of the issued share capital of Feng Tao BVI held by S.I. Urban Development. S.I. Urban Development may only transfer such interests to a third party if, after giving a transfer notice to the Feng Tao Purchaser pursuant to the Feng Tao Agreement, the Feng Tao Purchaser does not indicate its intention to purchase such interest within 1 month after the transfer notice is given.

After completion, S.I. Urban Development is entitled to appoint and nominate one director to the boards of each of Feng Tao BVI and its subsidiaries for so long as it owns at least 10% of the total outstanding issued shares in Feng Tao BVI.

Guarantee of Obligations

The Company has agreed to unconditionally guarantee due observance and performance by S.I. Urban Development of all its obligations and undertakings under the Feng Tao Agreement. Similarly, CTF has agreed to unconditionally guarantee due observance and performance by the Feng Tao Purchaser of all their obligations and undertakings under the Feng Tao Agreement.

INFORMATION IN RELATION TO FENG TAO GROUP

The principal business of the Feng Tao Group is the holding and development of the Feng Tao Property, which 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 with a total site area of approximately 350,532.6 square metres. As at the date of this announcement, the Feng Tao Property was a piece of vacant bare land available for low density residential development.

The consolidated net loss (both before and after taxation and extraordinary items) of Feng Tao BVI for the financial year ended 2010 and the period from 18 March 2009 (the date of incorporation) to 31 December 2009, as extracted from its unaudited financial statements, are set out below:

Period/ Year ended 31 December	Net loss before taxation	Net loss after taxation
	HK\$	HK\$
2009	1,031	1,031
2010	509,760	509,760

The unaudited consolidated net asset value of Feng Tao BVI as at 31 December 2010 was HK\$1,340,591.

FENG SHUN AGREEMENT

Date

26 February 2011

Parties

- (a) S.I. Urban Development, as vendor
- (b) the Feng Shun Purchaser, as purchaser
- (c) the Company, as vendor's guarantor
- (d) CTF, as purchaser's guarantor

Assets to be disposed of

The Feng Shun Purchaser will acquire the Feng Shun Sale Shares, representing 90% of the entire issued share capital of Feng Shun BVI, and the Feng Shun Sale Loan, being 90% of the shareholders' loan that will be outstanding and owing by Feng Shun BVI to S.I. Urban Development as at completion.

Consideration

The aggregate consideration for the Feng Shun Sale Shares and the Feng Shun Sale Loan is RMB1,305,000,000 (equivalent to approximately HK\$1,539,278,000), which shall be payable by the Feng Shun Purchaser to S.I. Urban Development in the Hong Kong dollar equivalent (based on the central parity rate announced by the People's Bank of China as at the date of the Feng Shun Agreement) in cash in the following manner:

- (a) RMB50,000,000 (equivalent to approximately HK\$58,976,000) payable within three business days after the date of signing the Feng Shun Agreement;
- (b) RMB10,000,000 (equivalent to approximately HK\$11,795,000) payable on 30 June 2011;
- (c) RMB30,000,000 (equivalent to approximately HK\$35,386,000) payable on 31 December 2011;
- (d) RMB200,000,000 (equivalent to approximately HK\$235,905,000) payable on 30 June 2012;
- (e) RMB360,000,000 (equivalent to approximately HK\$424,628,000) payable at completion; and
- (f) the balance of RMB655,000,000 (equivalent to approximately HK\$772,588,000) is payable on the day falling 12 months after completion date.

The consideration for the Feng Shun Sale Shares and the Feng Shun Sale Loan was arrived at after arm's length negotiations between S.I. Urban Development and the Feng Shun Purchaser after taking into consideration: (i) the valuation surplus (net of tax impact) of the Feng Shun Property as at 31 December 2010 of approximately RMB1,313,369,000 (equivalent to approximately HK\$1,549,150,000); (ii) additional registered share capital injection of Feng Shun Shanghai in the amount of RMB107,000,000 (equivalent to approximately HK\$126,209,000); and (iii) the amount of the Feng Shun Sale Loan of RMB30,000,000 (equivalent to approximately HK\$35,386,000) as at 30 September 2010 (assuming Feng Shun Shanghai Transfer and Feng Shun BVI Transfer had been completed on that date).

Conditions

Completion of the Feng Shun Agreement is conditional upon fulfilment (or waiver) of the following conditions:

- (a) both the Feng Shun Shanghai Transfer and Feng Shun BVI Transfer have been duly completed;
- (b) the completion of the Feng Tao Agreement;
- (c) S.I. Urban Development having proved to the reasonable satisfaction of the Feng Shun Purchaser that:

- (i) all land purchase price and land grant fees, premiums and all other charges of whatsoever nature with respect to the grant, acquisition and use of such land use rights due and payable in respect of the Feng Shun Property have been paid in full;
- (ii) the registered share capital of Feng Shun Shanghai has been increased to an amount of RMB137,000,000;
- (d) the warranties not being untrue or inaccurate or misleading at completion which results in a material adverse effect;
- (e) S.I. Urban Development having complied with the pre-completion obligations and all covenants in all material respects;
- (f) no statute, regulation or decision prohibiting, restricting or materially delaying the sale and purchase of the Feng Shun Sale Shares having been proposed, enacted or taken by any governmental or official authority and neither the land grant contract nor other documents relating to the grant of the land use rights in respect of Feng Shun Property will prohibit, restrict or delay the sale and purchase of the Feng Shun Sale Shares after completion;
- (g) all approvals and consents of third parties which are necessary for the entering into and the implementation of the Feng Shun Agreement and all transaction contemplated thereunder having been obtained; and
- (h) the approval of the shareholders of S.I. Urban Development and the independent shareholders of the Company (if required under the Listing Rules), being obtained in respect of the sale and purchase of the Feng Shun Sale Shares and the assignment of Feng Shun Sale Loan pursuant to the Feng Shun Agreement.

If any of the conditions has not been satisfied (or waived) on or before 30 June 2013 (or such later date as may be agreed in writing between the parties), no party shall be bound to proceed with the sale and purchase of Feng Shun Sale Shares and the assignment of the Feng Shun Sale Loan. In the event that the Feng Shun Agreement is terminated, S.I. Urban Development shall forthwith return to the Feng Shun Purchaser all monies received from the Feng Shun Purchaser under the Feng Shun Agreement with interest.

Completion

Completion shall take place on 31 December 2012 (or such other date as the parties may agree in writing) subject to the fulfilment (or waiver) of the above conditions.

Post Completion

After completion, the Feng Shun Purchaser shall have pre-emptive rights over the remaining 10% of the issued share capital of Feng Shun BVI held by S.I. Urban Development. S.I. Urban Development may only transfer such interests to a third party if, after giving a transfer notice to the Feng Shun

Purchaser pursuant to the Feng Shun Agreement, the Feng Shun Purchaser does not indicate its intention to purchase such interest within 1 month after the transfer notice is given.

After completion, S.I. Urban Development is entitled to appoint and nominate one director to the boards of each of Feng Shun BVI and its subsidiaries for so long as it owns at least 10% of the total outstanding issued shares in Feng Shun BVI.

Guarantee of Obligations

The Company has agreed to unconditionally guarantee due observance and performance by S.I. Urban Development of all its obligations and undertakings under the Feng Shun Agreement. Similarly, CTF has agreed to unconditionally guarantee due observance and performance by the Feng Shun Purchaser of all their obligations and undertakings under the Feng Shun Agreement.

INFORMATION IN RELATION TO FENG SHUN GROUP

Pursuant to an equity transfer agreement dated 3 December 2009 entered into between SIIC Shanghai and Feng Shun HK, SIIC Shanghai agreed to sell the entire equity interest in Feng Shun Shanghai to Feng Shun HK (the "**Feng Shun Shanghai Transfer**"). Upon completion of such transfer, Feng Shun Shanghai will become a wholly-owned subsidiary of Feng Shun HK.

In addition, as announced by the Company on 8 December 2009, S.I. Urban Development entered into a conditional agreement with Glory Shine Holdings Limited, an indirect wholly-owned subsidiary of SIIC (a controlling shareholder of the Company), pursuant to which S.I. Urban Development agreed to acquire the entire issued share capital in Feng Shun BVI and relevant shareholder's loans from it ("**Feng Shun BVI Transfer**"). Upon completion of such transfer, Feng Shun BVI and Feng Shun HK will become wholly-owned subsidiaries of S.I. Urban Development.

After completion of the Feng Shun Shanghai Transfer and the Feng Shun BVI Transfer, S.I. Urban Development will hold the entire interest in Feng Shun Property through its interest in Feng Shun BVI, Feng Shun HK and Feng Shun Shanghai.

One of the conditions for completing the Feng Shun Shanghai Transfer and Feng Shun BVI Transfer is the obtaining of certificate of real estate ownership in respect of the Feng Shun Property from PRC governmental authorities for Feng Shun Shanghai, and such condition is yet to be fulfilled. Accordingly, the Feng Shun Shanghai Transfer and Feng Shun BVI Transfer are not completed as at the date of this announcement.

In view of the foregoing, the transactions contemplated under the Feng Shun Agreement is conditional, among other conditions, upon completion of the Feng Shun Shanghai Transfer and the Feng Shun BVI Transfer.

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 square metres and is a piece of land available for low density residential development. As at the date of the Feng Shun Agreement, the Feng Shun Property was a piece of vacant bare land available for low density residential development.

The consolidated net loss (both before and after taxation and extraordinary items) of Feng Shun BVI for the financial year ended 2010 and the period from 18 March 2009 (the date of incorporation) to 31 December 2009, as extracted from its unaudited financial statements, are set out below:

Period/Year ended 31 December	Net loss before taxation	Net loss after taxation
	<i>HK\$</i>	<i>HK\$</i>
2009	nil	nil
2010	5,313	5,313

The net loss (both before and after taxation and extraordinary items) of Feng Shun Shanghai for the financial year ended 2010 and the net profit for the period from 1 June 2009 (the date of incorporation) to 31 December 2009, as extracted from its financial statements, are set out below:

Period/Year ended 31 December	Net profit/(loss) before taxation	Net profit/(loss) after taxation
	<i>RMB</i>	<i>RMB</i>
2009 (audited)	95,255	70,701
2010 (unaudited)	(142,541)	(117,987)

The unaudited consolidated net liabilities of Feng Shun BVI as at 31 December 2010 was HK\$5,305, while the unaudited net asset value of Feng Shun Shanghai as at 31 December 2010 was approximately RMB29,952,714 (equivalent to approximately HK\$35,330,000).

GOOD CHEER AGREEMENT

Date

26 February 2011

Parties

- (a) the Company, as vendor
- (b) Good Cheer Purchaser 1, as purchaser
- (c) Good Cheer Purchaser 2, as purchaser
- (d) CTF, as purchasers' guarantor

Assets to be disposed of

The Good Cheer Sale Shares, representing 88.5% of the entire issued share capital of Good Cheer, and the Good Cheer Sale Loan, being 88.5% of the shareholders' loan that will be outstanding and owing by Good Cheer to the Company as at completion.

Good Cheer Purchaser 1 and Good Cheer Purchaser 2 will acquire approximately 91% and 9% of the Good Cheer Sale Shares and Good Cheer Sale Loan respectively.

Consideration

The aggregate consideration for the Good Cheer Sale Shares and Good Cheer Sale Loan is HK\$1,168,000,000, which shall be payable by the Good Cheer Purchasers to the Company in cash in the following manner:

- (a) HK\$236,000,000 payable within three business days after the date of signing the Good Cheer Agreement;
- (b) HK\$106,000,000 payable on 30 June 2011;
- (c) HK\$484,000,000 payable at completion; and
- (d) the balance of HK\$342,000,000 payable on the day falling 6 months after completion, provided that it shall be paid no later than 30 June 2012.

The consideration for the Good Cheer Sale Shares and the Good Cheer Sale Loan was arrived at after arm's length negotiations between the Company and the Good Cheer Purchasers after taking into consideration: (i) the valuation surplus (net of deferred tax) of the Good Cheer Property as at 31 December 2010 of approximately HK\$847,457,000; (ii) the consolidated net assets value of Good Cheer and its subsidiaries as at 30 September 2010 of approximately HK\$24,272,000; and (iii) the amount of the Good Cheer Sale Loan as at 30 September 2010 of approximately HK\$448,528,000.

Conditions

Completion of the Good Cheer Agreement is conditional upon fulfilment (or waiver) of the following conditions:

- (a) the Company having procured FS Asia to give consent, or to confirm in writing that no consent or waiver from FS Asia is necessary or required, under the shareholders agreement for Creative Gold in respect of the sale and purchase of the Good Cheer Sale Shares and the assignment of the Good Cheer Sale Loan;
- (b) the Company having procured each of Four Seasons Shanghai B.V., Four Seasons Hotels Limited and Four Seasons Hotels and Resorts B.V. to give consent to the sale and purchase of the Good Cheer Sale Shares and confirming and approving the Good Cheer Purchasers to

acquire the Good Cheer Sale Shares and to waive the requirement for the Good Cheer Purchasers to be a "qualified person" as defined under the hotel agreements in respect of Four Seasons Hotel Shanghai; and to give consents or to confirm in writing that no consent or waiver is necessary or required, under each of the hotel agreements in respect of Four Seasons Hotel Shanghai;

- (c) the warranties not being untrue or inaccurate or misleading at completion which results in a material adverse effect;
- (d) the Company having complied with the pre-completion obligations and all covenants in all material respects;
- (e) no statute, regulation or decision prohibiting, restricting or materially delaying the sale and purchase of the Good Cheer Sale Shares having been proposed, enacted or taken by any governmental or official authority and neither the land grant contract nor other documents relating to the grant of the land use rights in respect of Good Cheer Property will prohibit, restrict or delay the sale and purchase of the Good Cheer Sale Shares;
- (f) all approvals and consents of third parties which are necessary for the entering into and the implementation of the Good Cheer Agreement and all transaction contemplated thereunder having been obtained;
- (g) the approval of the independent shareholders of the Company (if required under the Listing Rules), being obtained in respect of the sale and purchase of the Good Cheer Sale Shares and the assignment of Good Cheer Sale Loan pursuant to the Good Cheer Agreement; and
- (h) there being no change in the financial position, operations or any other aspects of Good Cheer and its subsidiaries which has a material adverse effect at any time between 30 September 2010 and the date of the Good Cheer Agreement.

If any of the conditions has not been satisfied (or waived) on or before 30 June 2012 (or such later date as may be agreed in writing between the parties), no party shall be bound to proceed with the sale and purchase of Good Cheer Sale Shares and the assignment of the Good Cheer Sale Loan. In the event that the Good Cheer Agreement is terminated, the Company shall forthwith return to the Good Cheer Purchasers all monies received from the Good Cheer Purchasers under the Good Cheer Agreement without any interest.

Completion

Completion shall take place on 31 December 2011 (or such other date as the parties may agree in writing) subject to the fulfilment (or waiver) of the above conditions.

Post Completion

After Completion, the Company is entitled to appoint and nominate one director to the boards of each of Good Cheer and its subsidiaries for so long as it owns at least 10% of the total outstanding issued shares in Good Cheer.

Guarantee of Obligations

CTF has agreed to unconditionally guarantee due observance and performance by the Good Cheer Purchasers of all their obligations and undertakings under the Good Cheer Agreement.

INFORMATION IN RELATION TO GOOD CHEER

Good Cheer owns approximately 89.69% interest in Creative Gold, while FS Asia, a subsidiary of Four Seasons Hotel Inc., owns the remaining approximately 10.31% interest. Creative Gold indirectly holds 97% interests in the Hotel Company, while 上海市靜安區土地開發控股總公司 (Shanghai JingAn Land Development Holding Co., Ltd.) owns the remaining 3% interest. The Hotel Company mainly owns Four Seasons Hotel Shanghai.

The consolidated net profit/loss (both before and after taxation and extraordinary items) of Good Cheer for the two financial years immediately preceding the date of the Good Cheer Agreement, as extracted from its unaudited financial statements, are set out below:

Year ended 31 December	Net profit/(loss) before taxation	Net profit/(loss) after taxation
	HK\$	HK\$
2009	(34,773,230)	(34,773,230)
2010	18,143,627	18,143,627

The unaudited consolidated net asset value of Good Cheer as at 31 December 2010 was HK\$37,584,082.

IMPACTS OF AND REASONS FOR THE DISPOSALS

Impacts for the disposal of interest in Feng Tao BVI

At the date of this announcement, Feng Tao BVI is owned as to 100% by the Group and is currently a subsidiary of the Company. Upon completion of the Feng Tao Agreement, the Feng Tao Purchaser and the Group will hold 90% and 10% of the total issued share capital of Feng Tao BVI respectively, and Feng Tao BVI will cease to be a subsidiary of the Company.

It is estimated that the Group will record a gain after tax of approximately HK\$1,100 million on the disposal of the Feng Tao Sale Shares and the Feng Tao Sale Loan, being the difference between (i) the consideration for the Feng Tao Sale Shares and the Feng Tao Sale Loan, and (ii) carrying value of the Feng Tao Group and the Feng Tao Sale Loan as at the date of completion and corresponding income

tax liability. Such gain is expected to be recognised in the Group's consolidated income statement for the year ending 31 December 2011.

Impacts for the disposal of interest in Feng Shun BVI

As stated in the section headed "Information in relation to Feng Shun Group" above, the Group has not yet completed the Feng Shun BVI Transfer. Accordingly, the Group does not hold any interest in Feng Shun BVI as at the date of this announcement, but as a condition for completion of the Feng Shun Agreement, the Group will complete such acquisition on or before 31 December 2011 such that investment cost of 90% of Feng Shun BVI would become an asset classified as held for sale and investment cost of 10% of Feng Shun BVI would become an investment of the Group immediately after the Feng Shun BVI Transfer. Upon completion of the Feng Shun Agreement, the Feng Shun Purchaser and the Group will hold 90% and 10% of the total issued share capital of Feng Shun BVI respectively.

It is estimated that the Group will record a gain after tax of approximately HK\$1,115 million on the disposal of the Feng Shun Sale Shares and the Feng Shun Sale Loan, being the difference between (i) the consideration for the Feng Shun Sale Shares and the Feng Shun Sale Loan, and (ii) the investment cost of such shares and the Feng Shun Sale Loan as at the date of completion and corresponding income tax liability. Such gain is expected to be recognised in the Group's consolidated income statement for the year ending 31 December 2012.

Impacts for the disposal of interest in Good Cheer

At the date of this announcement, Good Cheer is owned as to 100% by the Group and is currently a subsidiary of the Company. Upon completion of the Good Cheer Agreement, the Good Cheer Purchasers and the Group will hold 88.5% and 11.5% of the total issued share capital of Good Cheer respectively, and Good Cheer will cease to be a subsidiary of the Company.

It is estimated that the Group will record a gain after tax of approximately HK\$652 million on the disposal of Good Cheer, being the difference between (i) the consideration for the Good Cheer Sale Shares and the Good Cheer Sale Loan, and (ii) the carrying value of Good Cheer and the Good Cheer Sale Loan as at the date of completion and corresponding income tax liability. Such gain is expected to be recognised in the Group's consolidated income statement for the year ending 31 December 2011.

The net proceeds after the transaction costs from the Disposals will be used by the Group as its working capital. This would strengthen the Group's financial position for expanding its core businesses.

Reasons for the Disposals

The Disposals provide opportunity for the Group to introduce a strategic partner and enhance the quality of regional development for the land adjacent to the Feng Tao Property and the Feng Shun Property. As New World Development Company Limited, the property arm of CTF in the PRC, has

an extensive portfolio of properties for development and investment in the PRC, the introduction of such renowned brand will facilitate the quality enhancement of the whole development project of the Qingpu land owned by the Group. The introduction of CTF for the joint development of a portion of the Qingpu land's area will establish an operation mode with the combination of development on its own and joint development, which could significantly enhance the effectiveness of development. Furthermore, the transaction arrangement will also provide the Group with significant exceptional gain, which, in accordance with the payment schedule, will enable the Group to have the flexibility of available funds during the project development period. This will also be beneficial for the Group's development of the rest of the land adjacent to the Feng Tao Property and the Feng Shun Property.

In addition, from a strategic perspective, although the Four Seasons Hotel Shanghai has a certain potential of appreciation in the long term, the partial disposal of the hotel's interest could reduce market risks arising from the inherent and cyclical characteristics of the hotel sector. Also, leveraging on the strategic partner's expertise in investment and operation of luxury hotels, the competitiveness of Four Seasons Hotel Shanghai can be further strengthened.

Through this transaction, in addition to introducing a strategic partner, the Group can also obtain additional working capital from the Disposals, which can be used in mergers and acquisitions under its core operation, optimise its asset portfolio and enhance its profitability and overall capital return within a short period.

The Directors (including the independent non-executive Directors) consider that the terms of each of the Feng Tao Agreement, the Feng Shun Agreement and the Good Cheer Agreement are on normal commercial terms and are fair and reasonable and in the interests of the Group and the shareholders of the Company as a whole. No Director has a material interest in the Disposals.

GENERAL

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

Each of the Feng Tao Purchaser, the Feng Shun Purchaser, Good Cheer Purchaser 1 and Good Cheer Purchaser 2 are investment holding companies.

CTF is principally engaged in the property development, hotel, casino, transportation, jewelery, port and telecommunication businesses.

LISTING RULES IMPLICATIONS

The Feng Tao Purchaser, the Feng Shun Purchaser, the Good Cheer Purchasers and CTF are ultimately controlled by Dr. Cheng and his family members, and Dr. Cheng is the father-in-law of Mr. Doo, who is an independent non-executive director of Shanghai Industrial Urban Development Group Limited, a non-wholly owned subsidiary of the Company. Accordingly, the Feng Tao Purchaser, the Feng Shun Purchaser, the Good Cheer Purchasers and CTF are connected persons of the Company under the Listing Rules, and the Disposals constitute connected transactions for the

Company under the Listing Rules.

As one of the applicable percentage ratios for the Disposals are over 5% but are less than 25%, the Disposals constitute connected and discloseable transactions of the Company under the Listing Rules and are subject to the reporting, announcement and independent shareholders' approval requirements of Chapter 14 and Chapter 14A of the Listing Rules.

Since the Disposals are connected solely because of the interest of Mr. Doo, and Mr. Doo does not control the Company and his principal business interest is not the Group, a waiver has been applied for pursuant to Rule 14A.42(1) of the Listing Rules from strict compliance with the circular and independent shareholders' approval requirements under Chapter 14A of the Listing Rules. The Directors are pleased to announce that a waiver was granted by the Stock Exchange on the condition that there will be a letter from the Company's auditor or financial adviser stating that the Disposals are fair and reasonable so far as the shareholders of the Company are concerned.

DEFINITIONS

In this announcement, the following expressions have the meanings set out below unless the context requires otherwise.

"Board"	the board of Directors
"BVI"	the British Virgin Islands
"Company"	Shanghai Industrial Holdings Limited, a company incorporated in Hong Kong with limited liability, the shares of which are listed on the Main Board of the Stock Exchange
"connected person", "subsidiary"	each has the meaning ascribed to it in the Listing Rules
"Creative Gold"	Creative Gold Developments Limited, a company incorporated in the BVI with limited liability and is owned as to 89.69% by Good Cheer and as to 10.31% by FS Asia as at the date of this announcement
"CTF"	Chow Tai Fook Enterprises Limited, a company incorporated in Hong Kong with limited liability and is controlled by Dr. Cheng and his family members
"Director(s)"	the directors of the Company

"Disposals"	collectively the disposals contemplated under the Feng Tao Agreement, the Feng Shun Agreement and the Good Cheer Agreement
"Feng Shun Agreement"	the conditional agreement dated 26 February 2011 entered into between S.I. Urban Development, the Company, the Feng Shun Purchaser and CTF in relation to the sale and purchase of the Feng Shun Sale Shares and the assignment of the Feng Shun Sale Loan
"Feng Shun BVI"	S.I. Feng Shun Properties (BVI) Limited, a company incorporated in the BVI with limited liability
"Feng Shun BVI Transfer"	has the meaning ascribed to it under the section headed "Information in relation to Feng Shun Group" of this announcement
"Feng Shun Group"	Feng Shun BVI and its subsidiaries upon completion of the Feng Shun Shanghai Transfer and Feng Shun BVI Transfer
"Feng Shun HK"	S.I. Feng Shun Properties Limited, a company incorporated under the laws of Hong Kong and 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 square metres
"Feng Shun Purchaser"	Charisma City Limited, a company incorporated in the BVI with limited liability and wholly-owned by CTF
"Feng Shun Sale Loan"	90% of the shareholder's loan that will be outstanding and owing at the completion date of the Feng Shun Agreement by Feng Shun BVI to S.I. Urban Development, which is currently due from the Feng Shun BVI to Glory Shine Holdings Limited which amounts to HK\$4,282.20 as at the date of this announcement
"Feng Shun Sale Shares"	90 ordinary shares of US\$1 each in the share capital of Feng Shun BVI, being 90% of the issued share capital of Feng Shun BVI
"Feng Shun Shanghai"	上海豐順置業有限公司 (Shanghai Feng Shun Properties Co., Ltd.), a company incorporated under the laws of the PRC
"Feng Shun Shanghai Transfer"	has the meaning ascribed to it under the section headed "Information in relation to Feng Shun Group" of this announcement

"Feng Tao Agreement"	the conditional agreement dated 26 February 2011 entered into between S.I. Urban Development, the Company, the Feng Tao Purchaser and CTF in relation to the sale and purchase of Feng Tao Sale Shares and the assignment of the Feng Tao Sale Loan
"Feng Tao BVI"	S.I. Feng Tao Properties (BVI) Limited, a company incorporated in the BVI with limited liability which is an indirect wholly-owned subsidiary of the Company
"Feng Tao Group"	Feng Tao BVI and its subsidiaries
"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 square metres
"Feng Tao Purchaser"	Ace Score Holdings Limited, a company incorporated in the BVI with limited liability and wholly-owned by CTF
"Feng Tao Sale Loan"	90% of the shareholder's loan that will be outstanding and owing at the completion date of the Feng Tao Agreement by Feng Tao BVI to S.I. Urban Development, which amounts to HK\$110,058,130.59 as at the date of this announcement
"Feng Tao Sale Shares"	90 ordinary shares of US\$1 each in the share capital of Feng Tao BVI, being 90% of the issued share capital of Feng Tao BVI
"Feng Tao Shanghai"	上海豐濤置業有限公司(Shanghai Feng Tao Properties Co., Ltd.*), a company incorporated under the laws of the PRC
"Four Seasons Hotel Shanghai"	Four Seasons Hotel Shanghai (上海四季酒店) which is situate at No. 500 Weihai Road, Jing An District, Shanghai
"FS Asia"	FS Asia Investment Limited, a subsidiary of Four Seasons Hotels Inc.
"Good Cheer"	Good Cheer Enterprises Limited, a company incorporated in the BVI with limited liability and wholly-owned by the Company
"Good Cheer Agreement"	the conditional agreement dated 26 February 2011 entered into between the Company, the Good Cheer Purchasers and CTF in relation to sale and purchase of the Good Cheer Sale Shares and the assignment of the Good Cheer Sale Loan

"Good Cheer Property"	The piece of land located at 500 Wei Hai Road in JingAn District, Shanghai, the PRC owned by the Hotel Company together with the world class luxury hotel constructed thereon and known as Four Seasons Hotel Shanghai, and certain other residential properties in Shanghai owned by the Hotel Company
"Good Cheer Purchaser 1"	Great Union Worldwide Limited, a company incorporated in the BVI with limited liability and beneficially owned by CTF
"Good Cheer Purchaser 2"	United Synergy Worldwide Limited, a company incorporated in the BVI with limited liability and beneficially owned by CTF
"Good Cheer Purchasers"	Good Cheer Purchaser 1 and Good Cheer Purchaser 2
"Good Cheer Sale Loan"	88.5% of the shareholder's loan that will be outstanding and owing at the completion date of the Good Cheer Agreement by Good Cheer to the Company, which amounts to HK\$396,950,019 as at the date of this announcement
"Good Cheer Sale Shares"	885 ordinary shares of US\$1 each in the share capital of Good Cheer, being 88.5% of the issued share capital of Good Cheer
"Group"	the Company and its subsidiaries
"HK\$"	Hong Kong dollars, the lawful currency of Hong Kong
"Hong Kong"	the Hong Kong Special Administrative Region of the PRC
"Hotel Company"	上海上實南洋大酒店有限公司 (Shanghai SIIC South Pacific Hotel Co., Ltd.), a sino-foreign equity joint venture established in the PRC and indirectly owned as to 97% by Creative Gold and as to 3% by 上海市靜安區土地開發控股總公司 (Shanghai JingAn Land Development Holding Co., Ltd.)
"Listing Rules"	the Rules Governing the Listing of Securities on the Stock Exchange
"Dr. Cheng"	Dato' Dr. Cheng Yu-tung
"Mr. Doo"	Doo Wai-hoi, William, JP, an independent non-executive director of Shanghai Industrial Urban Development Group Limited, a non-wholly owned subsidiary of the Company whose shares are listed on the Main Board of the Stock Exchange (stock code: 563)

"PRC"	The People's Republic of China (for the purpose of this announcement, excluding Hong Kong and Macau Special Administrative Region)
"RMB"	Renminbi, the lawful currency of the PRC;
"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 and a wholly-owned subsidiary of SIIC
"S.I. Urban Development"	S.I. Urban Development Holdings Limited, an indirect wholly-owned subsidiary of the Company
"Stock Exchange"	The Stock Exchange of Hong Kong Limited
"US\$"	United States dollars, the lawful currency of the United States of America
"%"	per cent.

In this announcement, RMB has been converted to HK\$ at the rate of RMB0.8478 = HK\$1 for illustration purpose only. No representation is made that any amounts in RMB or HK\$ 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
Yee Foo Hei
Company Secretary

Hong Kong, 26 February 2011

As at the date of this announcement, the Board comprises:

Executive Directors:

Mr. Teng Yi Long, Mr. Cai Yu Tian, Mr. Lu Ming Fang, Mr. Zhou Jie, Mr. Qian Shi Zheng, 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

** for identification purposes only*