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If you have sold or transferred all your shares in Shanghai Industrial Holdings Limited, you should at once hand this circular and the accompanying form of proxy to the purchaser(s) or transferee(s) or to the bank, licensed securities dealer or registered institution in securities or other agent through whom the sale or transfer was effected for transmission to the purchaser(s) or transferee(s).

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上海實業控股有限公司

SHANGHAI INDUSTRIAL HOLDINGS LIMITED

(Incorporated in Hong Kong with limited liability)

(Stock Code: 363)

TERMINATION OF EXISTING SHARE OPTION SCHEME

AND

PROPOSED ADOPTION OF NEW SHARE OPTION SCHEME

A letter from the Board is set out on pages 4 to 8 of this circular.

A notice convening the extraordinary general meeting to be held at the Conference Room of the Company, 26th Floor, Harcourt House, 39 Gloucester Road, Wanchai, Hong Kong on Friday, 25 May 2012 at 3:30 p.m. (or so soon thereafter as the annual general meeting of the Company to be convened for the same day and place shall have been concluded or adjourned) is set out on pages 15 to 17 of this circular.

Whether or not you intend to attend the meeting, you are requested to complete and return the accompanying form of proxy in accordance with the instructions printed thereon as soon as possible and in any event not less than 48 hours before the time appointed for the holding of the meeting or any adjournment thereof. Completion and return of the form of proxy will not preclude you from attending and voting in person at the meeting (or at any adjournment thereof) should you so desire.

20 April 2012



CONTENTS

	<i>Page</i>
Definitions	1
Letter from the Board	4
Appendix – Summary of the principal terms of the SIHL New Scheme	9
Notice of Extraordinary General Meeting	15

DEFINITIONS

In this circular, the following expressions have the meanings set out below unless the context otherwise requires:

“associate(s)”	shall have the same meaning ascribed to it under the Listing Rules;
“Board” or “Directors”	the directors of the Company or a duly authorised committee of the directors for the time being, including the independent non-executive directors of the Company;
“Business Day”	a day (other than a Saturday or a Sunday) on which licensed banks are generally open for business in Hong Kong and the Stock Exchange is open for business of dealing in securities;
“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;
“day”	calendar day;
“EGM”	the extraordinary general meeting of the Company to be held at the Conference Room of the Company, 26th Floor, Harcourt House, 39 Gloucester Road, Wanchai, Hong Kong on Friday, 25 May 2012 at 3:30 p.m. (or so soon thereafter as the annual general meeting of the Company to be convened for the same day and place shall have been concluded or adjourned);
“Grantee”	any Participant who accepts an Offer in accordance with the terms of the SIHL New Scheme or (where the context so permits) a person who is entitled to any such Option in consequence of the death of the original Grantee;
“Group”	the Company, its Subsidiaries, its associated companies, its jointly controlled entities and its related companies;
“Holding Company”	means a company which is for the time being and from time to time a holding company (within the meaning of the Companies Ordinance of Hong Kong);
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China;

DEFINITIONS

“Latest Practicable Date”	17 April 2012, being the latest practicable date prior to the printing of this circular for ascertaining certain information contained in this circular;
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange;
“month”	calendar month;
“Offer”	the offer of the grant of an Option made by the Board in accordance with the SIHL New Scheme;
“Offer Date”	the date on which an Offer is made to a Participant, which date must be a Business Day;
“Option”	a right to subscribe for Shares pursuant to the terms of the SIHL New Scheme;
“Option Period”	a period to be determined by the Board at its absolute discretion and notified by the Board to each Grantee as being the period during which an Option may be exercised, such period to expire not later than 10 years from the date of grant of the Option. The Board may also provide restrictions on the exercise of such Option during the period an Option may be exercised;
“Participant”	any director (or any persons proposed to be appointed as such, whether executive or non-executive), employee (whether full-time or part-time), consultants and advisers (or any associates or assistants of such consultants and advisers) of: (i) each member of the Group, or (ii) the Holding Company of the Company who have rendered service or will render service to the Group, as absolutely determined by the Board; any executive or employee of any business consultant, professional and other advisers to each member of the Group or the Holding Company of the Company (or any persons proposed to be appointed as such) who have rendered service or will render service to the Group, as absolutely determined by the Board;

DEFINITIONS

“related company”	a company, an entity or an enterprise (wherever incorporated and whether limited by shares or otherwise) in which (a) the Company is directly or indirectly interested in less than 20% of the issued share capital or equity interest of such company or entity or enterprise; or holds less than 20% of the voting rights of such company or entity or enterprise, but is the largest shareholder or the holder of the largest voting rights of such company or entity or enterprise (as the case may be); or (b) in the opinion of the Board, the Company is able to exercise significant influence to such company or entity or enterprise;
“Relevant Company”	the Company, the relevant Subsidiary, Holding Company, associated company, jointly controlled entity or related company of the Company, as the case may be;
“Share(s)”	shares of \$0.10 each in the capital of the Company (or of such other nominal amount as shall result from a sub-division, consolidation, reclassification or reconstruction of the share capital of the Company from time to time);
“Shareholder(s)”	holder(s) of the Share(s);
“SIHL Existing Scheme”	the share option scheme adopted by the Company at its general meeting on 31 May 2002;
“SIHL New Scheme”	the new share option scheme to be adopted by the Company at the EGM, a summary of the principal terms of the rules of which are set out in the Appendix to this circular;
“Stock Exchange”	The Stock Exchange of Hong Kong Limited;
“Subsidiary”	a company which is for the time being and from time to time a subsidiary (within the meaning of the Companies Ordinance of Hong Kong);
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong; and
“%”	per cent.

LETTER FROM THE BOARD



上海實業控股有限公司

SHANGHAI INDUSTRIAL HOLDINGS LIMITED

(Incorporated in Hong Kong with limited liability)

(Stock Code: 363)

Executive Directors:

Mr. Teng Yi Long (*Chairman*)

Mr. Cai Yu Tian (*Vice Chairman & Chief Executive Officer*)

Mr. Lu Ming Fang

Mr. Zhou Jie (*Executive Deputy CEO*)

Mr. Qian Shi Zheng (*Deputy CEO*)

Mr. Zhou Jun (*Deputy CEO*)

Mr. Qian Yi (*Deputy CEO*)

Registered Office:

26th Floor

Harcourt House

39 Gloucester Road

Wanchai Hong Kong

Independent Non-executive Directors:

Dr. Lo Ka Shui

Prof. Woo Chia-Wei

Mr. Leung Pak To, Francis

20 April 2012

To the Shareholders

Dear Sir or Madam,

**TERMINATION OF EXISTING SHARE OPTION SCHEME
AND
PROPOSED ADOPTION OF NEW SHARE OPTION SCHEME**

INTRODUCTION

The SIHL Existing Scheme was adopted by the Company on 31 May 2002 for a period of 10 years and is due to expire on 30 May 2012. In order to continue to provide the Company with a flexible means of giving incentive to, rewarding, remunerating, compensating and/or providing benefits to eligible participants and for such other purposes as the Board may approve from time to time, the Board proposes that the SIHL Existing Scheme be terminated and the SIHL New Scheme be approved and adopted by the Shareholders at the EGM.

The purpose of this circular is to provide you with details on the terms of the SIHL New Scheme and other information in relation to the resolution to be proposed at the EGM for the termination of the SIHL Existing Scheme and the adoption of the SIHL New Scheme, and to set out the notice of the EGM.

LETTER FROM THE BOARD

TERMINATION OF THE SIHL EXISTING SCHEME AND ADOPTION OF THE SIHL NEW SCHEME

It will be proposed at the EGM as ordinary resolution that the SIHL Existing Scheme be terminated and the SIHL New Scheme be approved and adopted. A summary of the principal terms of the SIHL New Scheme is set out in the Appendix to this circular. Subject to the approval of the Shareholders at the EGM, the SIHL Existing Scheme will be terminated with effect from the conclusion of the EGM and the SIHL New Scheme will take effect, subject to the approval of the Listing Committee of the Stock Exchange for the listing of, and permission to deal in, the Shares to be issued and allotted under the SIHL New Scheme, on the date of its adoption at the EGM. The SIHL New Scheme will commence after all conditions precedent as referred to in the paragraph headed “Conditions Precedent of the SIHL New Scheme” below have been fulfilled.

The Board granted options pursuant to the SIHL Existing Scheme to participants to subscribe for a total of 88,750,000 Shares representing approximately 8.2% of the issued share capital of the Company as at the Latest Practicable Date, approximately 0.8% of which have lapsed. Save as aforesaid and up to the Latest Practicable Date, no other options have been granted to any participant under the SIHL Existing Scheme. As at the Latest Practicable Date, options representing 34,876,000 Shares were exercised, options representing 45,666,200 Shares were still outstanding and options representing 8,207,800 Shares have already lapsed under the SIHL Existing Scheme. No options were cancelled under the SIHL Existing Scheme. Apart from the SIHL Existing Scheme, there were no other subsisting share option schemes of the Company as at the Latest Practicable Date.

No further options may be granted upon termination of the SIHL Existing Scheme. The outstanding options granted under the SIHL Existing Scheme shall continue to be subject to the provisions of the SIHL Existing Scheme and Chapter 17 of the Listing Rules.

As at the Latest Practicable Date, the issued share capital of the Company comprised 1,079,944,000 Shares. Assuming there is no change in the issued share capital between the Latest Practicable Date and the date of adoption of the SIHL New Scheme, the number of Shares issuable pursuant to the SIHL New Scheme on the date of its adoption will be 107,994,400 Shares.

CONDITIONS PRECEDENT TO THE SIHL NEW SCHEME

The SIHL New Scheme shall take effect upon satisfaction of the following conditions:

- (i) passing of the necessary resolution to terminate the SIHL Existing Scheme by the Shareholders;
- (ii) passing of the necessary resolution to adopt the SIHL New Scheme by the Shareholders in general meeting and to authorise the Directors to grant Options to subscribe for Shares hereunder and to allot and issue Shares pursuant to the exercise of any Options granted under the SIHL New Scheme; and

LETTER FROM THE BOARD

- (iii) the Listing Committee of the Stock Exchange granting approval for the listing of, and permission to deal in, any Shares to be issued and allotted pursuant to the exercise of Options granted under the SIHL New Scheme.

Upon satisfaction of the above conditions, the Board will have the right to grant to the Participants Options to subscribe for Shares, which when aggregated with options to be granted under any other share options schemes of the Company, represent up to 10% of the total number of Shares in issue as at the date of approval of the SIHL New Scheme, unless the Company obtains a fresh approval from the Shareholders to refresh the 10% limit. The maximum number of Shares that may be issued upon exercise of all outstanding Options granted and yet to be exercised under the SIHL New Scheme and any other share options schemes of the Company shall not exceed 30% of the issued share capital of the Company from time to time.

Application will be made to the Stock Exchange for the listing of, and permission to deal in, the Shares to be issued and allotted pursuant to the exercise of the Options granted under the SIHL New Scheme.

Any amendment of a material nature to the terms and conditions of the SIHL New Scheme following adoption must be approved by the Shareholders, except where such amendments take effect automatically pursuant to the terms originally provided in the SIHL New Scheme.

EXPLANATION OF THE TERMS OF THE SIHL NEW SCHEME

The SIHL Existing Scheme is due to expire on 30 May 2012. In order to continue to provide the Company with a flexible means of giving incentive to, rewarding, remunerating, compensating and/or providing benefits to selected participants and for such other purposes as the Board may approve from time to time, the Board recommends that the Shareholders approve the termination of the SIHL Existing Scheme and the adoption of the SIHL New Scheme. Under the SIHL New Scheme, the Board shall be empowered to determine the subscription price of Shares pursuant to the exercise of Options granted under the SIHL New Scheme, the basis of which is set out in the Appendix to this circular. Options granted under the SIHL New Scheme may be exercised at any time within a certain period of time as set out in the Appendix to this circular so as to motivate and retain the Participants to contribute to the benefit and success of the Group. The Board believes that the adoption of the SIHL New Scheme is in the interest of the Company and the Shareholders as a whole.

To the extent that the Directors are aware having made all reasonable enquiries, none of the Shareholders is required to abstain from voting on the resolution in relation to the adoption of the SIHL New Scheme.

None of the Directors is trustee of the SIHL New Scheme or has a direct or indirect interest in the trustee.

LETTER FROM THE BOARD

The rules of the SIHL New Scheme proposed to be adopted by the Company at the EGM will be available for inspection at the registered office and principal place of business of the Company at 26th Floor, Harcourt House, 39 Gloucester Road, Wanchai, Hong Kong during normal business hours from the date of this circular up to and including the date of the EGM.

The terms of the SIHL New Scheme are in line with the provisions of Chapter 17 of the Listing Rules.

VALUE OF THE OPTIONS UNDER THE SIHL NEW SCHEME

The Directors consider that it is not appropriate to state the value of all Options that may be granted pursuant to the SIHL New Scheme as if they had been granted on the Latest Practicable Date, because the calculation of the value of the Options is based on a number of variables such as the exercise price, exercise period, interest rate, expected volatility and other relevant variables. As no Options have been granted under the SIHL New Scheme, certain variables are not available for calculating the value of the Options. The Directors believe that any calculation of the value of the Options as at the Latest Practicable Date based on a great number of speculative assumptions would not be meaningful to the Shareholders.

The Board will determine the time frame for the grant of Options under the SIHL New Scheme and the number of Shares for which any Grantee may subscribe upon exercise of an Option following approval of the SIHL New Scheme.

EGM

The Company will convene the EGM for the purpose of, inter alia, seeking approval from the Shareholders on the termination of the SIHL Existing Scheme and the adoption of the SIHL New Scheme. Pursuant to Rule 13.39(4) of the Listing Rules, all votes of the Shareholders at the EGM must be taken by poll.

A notice convening the EGM to be held at the Conference Room of the Company, 26th Floor, Harcourt House, 39 Gloucester Road, Wanchai, Hong Kong on Friday, 25 May 2012 at 3:30 p.m. (or so soon thereafter as the annual general meeting of the Company to be convened for the same day and place shall have been concluded or adjourned) is set out on pages 15 to 17 of this circular. Whether or not you intend to attend the EGM, you are requested to complete and return the accompanying form of proxy in accordance with the instructions printed thereon as soon as possible and in any event not less than 48 hours before the time appointed for the holding of the EGM or any adjournment thereof. Completion and return of the form of proxy will not preclude you from attending and voting in person at the EGM (or at any adjournment thereof) should you so desire.

LETTER FROM THE BOARD

RESPONSIBILITY STATEMENT

This circular, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief the information contained in this circular is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this circular misleading.

GENERAL INFORMATION

Your attention is drawn to the additional information set out in the Appendix to this circular.

Yours faithfully,
For and on behalf of the Board
Shanghai Industrial Holdings Limited
TENG YI LONG
Chairman

SUMMARY OF THE SIHL NEW SCHEME

The following is a summary of the principal terms of the rules of the SIHL New Scheme to be adopted at the EGM:

- (a) The purpose of the SIHL New Scheme is to provide the Company with a flexible means of giving incentive to, rewarding, remunerating, compensating and/or providing benefits to the Participants and for such other purposes as the Board may approve from time to time.
- (b) The SIHL New Scheme is conditional upon (i) the approval of the Shareholders in general meeting for the termination of the SIHL Existing Scheme; (ii) the approval of the Shareholders in general meeting for the adoption of the SIHL New Scheme and the authorisation to the Directors to grant Options to subscribe for Shares thereunder and to allot and issue Shares pursuant to the exercise of any Options granted under the SIHL New Scheme; and (iii) the Listing Committee of the Stock Exchange granting approval for the listing of, and permission to deal in, any Shares to be issued and allotted pursuant to the exercise of Options under the SIHL New Scheme.
- (c) The Board may, at its discretion, invite any director (or any persons proposed to be appointed as such, whether executive or non-executive), employee (whether full-time or part-time), consultants and advisers (or any associates or assistants of such consultants and advisers) of: (i) each member of the Group, or (ii) the Holding Company of the Company who have rendered service or will render service to the Group, as absolutely determined by the Board; or any executive or employee of any business consultant, professional and other advisers to each member of the Group or the Holding Company of the Company (or any persons proposed to be appointed as such) who have rendered service or will render service to the Group, as absolutely determined by the Board, to take up Options. An Offer is deemed to have been accepted and the Option to which the Offer relates is deemed to have been granted upon the Grantee's signing the duplicate letter comprising acceptance of the Option with the number of Shares in respect of which the Offer is accepted clearly stated therein and paying HK\$1 by way of consideration for the grant thereof to the Company within 30 days from the Offer Date. The subscription price for Shares in the Company is calculated in accordance with sub-paragraph (d) below.
- (d) The subscription price for Shares in the Company under the SIHL New Scheme shall be a price solely determined by the Board and notified to a Participant and shall be at least the highest of (i) the closing price of the Shares as stated in the Stock Exchange's daily quotations sheet on the Offer Date; (ii) the average closing price of the Shares as stated in the Stock Exchange's daily quotations sheets for the five Business Days immediately preceding the Offer Date, and (iii) the nominal value of a Share.

- (e) (i) Subject to paragraph (e)(iv) below, the total number of Shares which may be issued upon exercise of all Options to be granted under the SIHL New Scheme and any other schemes of the Company shall not in aggregate exceed 10% of the total number of Shares in issue as at the date of approval of the SIHL New Scheme unless the Company obtains a fresh approval from its Shareholders pursuant to paragraph (e)(ii) below.
- (ii) Subject to paragraph (e)(iv) below, the Company may seek approval of the Shareholders in general meeting to refresh the 10% limit set out in paragraph (e)(i) above such that the total number of Shares in respect of which Options may be granted under the SIHL New Scheme or any other schemes of the Company shall not exceed 10% of the total number of Shares in issue as at the date of approval to refresh such limit. Options previously granted under any schemes of the Company (including those outstanding, cancelled, lapsed in accordance with the SIHL New Scheme or exercised Options) will not be counted for the purpose of calculating such refreshed 10% limit. The Company shall send a circular to the Shareholders containing the information required under rule 17.02(2)(d) of the Listing Rules and the disclaimer required under rule 17.02(4) of the Listing Rules.
- (iii) Subject to paragraph (e)(iv) below, the Company may grant Options to specified Participant(s) beyond the 10% limit provided that the Options in excess of the limit are granted only to specified Participant(s) identified by the Company and specifically approved by the Shareholders in general meeting. The Company shall send a circular to the Shareholders containing a generic description of the specified Participant(s) who may be granted such Options, the number and terms of the Options to be granted, the purpose of granting Options to the specified Participant(s) with an explanation as to how the terms of the Options serve such purpose, the information required under rule 17.02(2)(d) of the Listing Rules and the disclaimer required under rule 17.02(4) of the Listing Rules.
- (iv) Notwithstanding the above, the maximum number of Shares which may be issued upon exercise of all outstanding Options granted and yet to be exercised under the SIHL New Scheme and any other schemes of the Company shall not exceed 30% of the total number of Shares in issue from time to time.
- (f) Subject to the provisions of the SIHL New Scheme, the Board may at its discretion when offering the grant of an Option impose any conditions, restrictions or limitations in relation thereto as it may think fit.
- (g) (i) The maximum entitlement for any one Participant is that the total number of Shares issued and to be issued upon exercise of the Options granted to each Participant under the SIHL New Scheme and any other schemes (including both exercised, cancelled and outstanding Options) in any 12-month period shall not exceed 1% of the total number of Shares in issue.

- (ii) Any further grant of Options in excess of the 1% limit shall be subject to separate Shareholders' approval in general meeting with such Participant and such Participant's associates abstaining from voting. The Company shall send a circular to the Shareholders and the circular must disclose the identity of the Participant, the number and terms of the Options to be granted (and Options previously granted to such Participant), the information required under rule 17.02(2)(d) of the Listing Rules and the disclaimer required under rule 17.02(4) of the Listing Rules. The number and terms (including the exercise price) of the Options to be granted to such Participant shall be fixed before Shareholders' approval and the date of the Board meeting for proposing such further grant should be taken as the date of grant for the purpose of calculating the subscription price.
- (h)
 - (i) Any grant of Options to a Participant who is a Director, chief executive or substantial Shareholder (all with the meaning as ascribed under the Listing Rules) of the Company or their respective associates must be approved by the independent non-executive Directors of the Company (excluding the independent non-executive Director who is the Grantee).
 - (ii) Where the Board proposes to grant any Option to a Participant who is a substantial Shareholder of the Company or an independent non-executive Director of the Company or any of their respective associates would result in the Shares issued and to be issued upon exercise of all Options already granted and to be granted (including Options exercised, cancelled and outstanding) to the Participant under the SIHL New Scheme and any other schemes in the 12-month period up to and including the date of such grant:
 - (1) representing in aggregate more than 0.1% of the total number of Shares in issue; and
 - (2) having an aggregate value, based on the closing price of the Shares at the date of each grant, in excess of \$5,000,000,

such proposed grant of Options must be approved by the Shareholders in general meeting. In such case, the Company shall send a circular to the Shareholders containing all the information as required under the Listing Rules. All connected persons (with the meaning as ascribed under the Listing Rules) of the Company shall abstain from voting (except that any connected person may vote against the relevant resolution at such general meeting provided that his intention to do so has been stated in the circular to the Shareholders). Any vote taken at the meeting to approve the grant of such Options must be taken on a poll.

- (i) An Option may be exercised in accordance with the terms of the SIHL New Scheme at any time during the Option Period after the Option has been granted by the Board. An Option Period is a period to be determined by the Board in its absolute discretion and notified by the Board to each Grantee as being the period during which an Option may be exercised, such period shall expire not later than 10 years from the date of grant of the Option. The Board may also provide restrictions on the exercise of such Option

during the period an Option may be exercised. Any minimum period for which an Option must be held before it can be exercised shall also be determined by the Board at its absolute discretion. Unless the Board otherwise determined and stated in the offer of the grant of Options to a Participant, there is no minimum period for which an Option granted under the SIHL New Scheme must be held before it can be exercised.

- (j) No performance target needs to be achieved by the Grantee before an Option can be exercised.
- (k) An Option shall be personal to the Grantee and shall not be assignable and no Grantee shall in any way sell or transfer in favour of any third party over or in relation to any Option.
- (l) If the Grantee of an Option ceases to be a Participant for any reason other than on the Grantee's death or the termination of the Grantee's employment, directorship, office or appointment on one or more of the grounds specified in paragraph (n) below, the Grantee may exercise the Option up to the Grantee's entitlement at the date of cessation (to the extent not already exercised) within the period of 1 month following the date of such cessation, which date shall be the last actual working day with the Relevant Company whether salary is paid in lieu of notice or not, or the last date of office or appointment as director, employee, consultant or adviser of, or as business consultant, professional or other advisers to the Relevant Company, as the case may be, in the event of which, the date of cessation as determined by a resolution of the board of directors or governing body of the Relevant Company shall be conclusive.
- (m) If the Grantee of an Option dies before exercising the Option in full and none of the events which would be a ground for termination of the Grantee's employment, directorship, office or appointment under paragraph (n) below arises, the personal representative(s) of the Grantee may exercise the Option up to the entitlement of such Grantee at the date of death (to the extent not already exercised) within a period of 12 months following the date of the death of the Grantee, or such longer period as the Board may determine from the date of death.
- (n) An Option shall lapse automatically (to the extent not already exercised) on the date on which the Grantee ceases to be a full-time employee or part-time employee, director, executive, consultant or adviser, business consultant, or professional or other adviser of the Relevant Company by reason of the termination of the Grantee's employment, directorship, office or appointment on the grounds that the Grantee has been guilty of misconduct, or has committed any act of bankruptcy, or has become insolvent, or has made any arrangements or composition with the Grantee's creditors generally, or has been convicted of any criminal offence involving the Grantee's integrity or honesty or (if so determined by the Board) on any other ground on which the Relevant Company would be entitled to terminate the Grantee's employment, directorship, office or appointment at common law or pursuant to any applicable laws or under the Grantee's service contract with the Relevant Company.

- (o) In the event a notice is given by the Company to the Shareholders to convene a Shareholders' meeting for the purposes of considering, and if thought fit, approving a resolution to voluntarily wind-up the Company, other than for the purposes of a reconstruction, amalgamation or scheme of arrangement, the Company shall on the same date as or soon after it despatches such notice to convene the Shareholders' meeting, give notice thereof to all Grantees and thereupon, each Grantee (or the Grantee's personal representatives(s)) shall be entitled to exercise all or any of the Grantee's Options (to the extent such Options have become exercisable and not already exercised) at any time not later than 7 Business Days prior to the proposed general meeting of the Company by giving notice in writing to the Company, accompanied by a payment for the full amount of the aggregate subscription price for the Shares in respect of which the notice is given, whereupon the Company shall as soon as possible and, in any event, no later than the Business Day immediately prior to the date of the proposed general meeting referred to above allot the relevant Shares to the Grantee credited as fully paid. Subject to the above, an Option will lapse automatically (to the extent not already exercised) upon the expiry of the period in which to exercise an Option referred to in paragraphs (l) and (m) above and this paragraph.
- (p) The Shares to be allotted upon the exercise of an Option will be subject to all the provisions of the articles of association of the Company for the time being in force and will rank *pari passu* in all respects with the fully paid Shares in issue on the date of allotment and accordingly will entitle the holders to participate in all dividends or other distributions paid or made on or after the date of allotment of the relevant Shares other than any dividend or other distribution previously declared or recommended or resolved to be paid or made if the record date therefor shall be before the date of allotment of the relevant Shares.
- (q) In the event of any alteration in the capital structure of the Company whilst any Option remains exercisable, whether by way of capitalisation issue, rights issue, consolidation, subdivision or reduction of the share capital of the Company, such corresponding alterations (if any) will be made to (i) the number or nominal amount of Shares subject to the Options so far as unexercised; and/or (ii) the subscription price; and/or (iii) the method of the exercise of the Options (if applicable), provided that an independent financial adviser or the auditors for the time being of the Company shall have confirmed in writing to the Directors, either generally or as regards any particular Grantee, that any such alterations shall satisfy the requirements set out in the note to rule 17.03(13) of the Listing Rules and shall give a Grantee the same proportion of the issued share capital of the Company as that to which the Grantee was previously entitled but that no such alterations shall be made so that a Share would be issued at less than its nominal value or which would give a Grantee a different proportion of the issued share capital of the Company as that to which the Grantee was previously entitled. No alteration shall be made if any alteration in the capital structure of the Company is the result of an issue of Shares as consideration in a transaction.

- (r) The SIHL New Scheme will remain in force for a period of 10 years commencing on the date on which it is adopted by resolution of the Company in general meeting, after which period no further Options will be issued but in all other respects the provisions of the SIHL New Scheme shall remain in full force and effect.
- (s) Any cancellation of Options granted but not exercised must be approved by Shareholders in general meeting, with Participants and their associates abstaining from voting. Any vote taken at the meeting to approve such cancellation must be taken by poll. Where the Company cancels Options and offers new Options to the same Option holder, the offer of such new Options may only be made under the SIHL New Scheme with available Options to the extent not yet granted (excluding the cancelled Options) within the limit approved by the Shareholders as mentioned in paragraph 9 of the SIHL New Scheme.
- (t) The Company by resolution in general meeting or the Board may at any time terminate the operation of the SIHL New Scheme and in such event no further Options will be offered but in all other respects the provisions of the SIHL New Scheme shall remain in full force and effect.
- (u) The provisions of the SIHL New Scheme may be altered in any respect by resolution of the Board except that the definitions of “Grantee”, “Option Period” and “Participant” and “related company” in sub-paragraph 1.1 thereof and the provisions of sub-paragraphs 2, 4, 5.1, 5.2, 5.3 and 5.4 and paragraphs 6, 7, 8, 9, 10, 11, 14, 15 and 16 thereof cannot be altered to the advantage of the Grantees or prospective Grantees without the prior approval of the Shareholders in general meeting.
- (v) Any alteration to the terms and conditions of the SIHL New Scheme, which are of a material nature or any change to the terms of Options granted (other than any alterations or changes which take effect automatically under the existing terms of the SIHL New Scheme) or any change to the authority of the Directors or scheme administrators in relation to any alteration to the terms of the SIHL New Scheme, shall be approved by the Shareholders in general meeting.
- (w) The amended terms of the SIHL New Scheme or the Options must still comply with the relevant requirements of Chapter 17 of the Listing Rules.

NOTICE OF EXTRAORDINARY GENERAL MEETING



上海實業控股有限公司

SHANGHAI INDUSTRIAL HOLDINGS LIMITED

(Incorporated in Hong Kong with limited liability)

(Stock Code: 363)

NOTICE IS HEREBY GIVEN that an extraordinary general meeting of Shanghai Industrial Holdings Limited (the “**Company**”) will be held at the Conference Room of the Company, 26th Floor, Harcourt House, 39 Gloucester Road, Wanchai, Hong Kong on Friday, 25 May 2012 at 3:30 p.m. (or so soon thereafter as the annual general meeting of the Company to be convened for the same day and place shall have been concluded or adjourned) for the purpose of considering and, if thought fit, passing with or without amendments, the following resolution as ordinary resolution of the Company:

ORDINARY RESOLUTION

“THAT:

- (i) the existing share option scheme (the “**SIHL Existing Scheme**”) adopted by the Company on 31 May 2002 at its general meeting be and is hereby terminated with effect from the conclusion of this meeting (without prejudice to the rights and benefits of and attached to any outstanding options which have been granted under the SIHL Existing Scheme prior to its termination); and
- (ii) subject to and conditional upon the Listing Committee of The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”) granting approval for the listing of, and permission to deal in, the shares of the Company to be issued and allotted pursuant to the exercise of any options granted under the share option scheme of the Company (the “**SIHL New Scheme**”), the rules of which are contained in the document marked “A” produced to this meeting and for the purposes of identification signed by the Chairman of this meeting, the SIHL New Scheme be and is hereby approved and adopted with effect from the date of this meeting and the board of directors of the Company be and is hereby authorised to do all such acts and to enter into all such transactions, arrangements and agreements as may be necessary or expedient in order to give full effect to the SIHL New Scheme, including without limitation:
 - (a) to administer the SIHL New Scheme under which options will be granted to participants eligible under the SIHL New Scheme to subscribe for shares in the Company;
 - (b) to modify and/or amend the SIHL New Scheme from time to time provided that such modification and/or amendment is effected in accordance with the provisions of the SIHL New Scheme relating to modification and/or amendment;

NOTICE OF EXTRAORDINARY GENERAL MEETING

- (c) to issue and allot from time to time such number of shares in the Company as may be required to be issued and allotted pursuant to the exercise of the options under the SIHL New Scheme and subject to the Rules Governing the Listing of Securities on the Stock Exchange (the “**Listing Rules**”);
- (d) to make application at the appropriate time or times to the Stock Exchange and any other stock exchanges upon which the issued shares of the Company may for the time being be listed, for the listing of, and permission to deal in, any shares in the Company which may hereafter from time to time be issued and allotted pursuant to the exercise of the options granted under the SIHL New Scheme; and
- (e) to consent, if it so deems fit and expedient, to such conditions, modifications and/or variations as may be required or imposed by the relevant authorities in relation to the SIHL New Scheme.”

By Order of the Board
Shanghai Industrial Holdings Limited
Yee Foo Hei
Company Secretary

Hong Kong, 20 April 2012

Registered office:
26th Floor, Harcourt House
39 Gloucester Road
Wanchai, Hong Kong

Notes:

- (1) A shareholder entitled to attend and vote at the extraordinary general meeting (the “**EGM**”) is entitled to appoint one or more proxies to attend and on a poll, vote on his behalf. The proxy need not be a shareholder of the Company.
- (2) Where there are joint registered holders of any share, any one of such persons may vote at the EGM, either personally or by proxy, in respect of such share as if he were solely entitled thereto, but if more than one of such joint holders are present at the EGM personally or by proxy, that one of the said persons so present whose name stands first on the register in respect of such share, shall alone be entitled to vote in respect thereof.
- (3) A form of proxy for use at the EGM is enclosed with the circular to the shareholders.
- (4) The instrument appointing a proxy must be in writing under the hand of the appointer or attorney duly authorized in writing or, if the appointer is a corporation, either under its seal or under the hand of an officer, attorney or other person authorized to sign the same.
- (5) To be valid, the form of proxy, together with the power of attorney or other authority, if any, under which it is signed or a certified copy of such power or authority, must be deposited at the registered office of the Company at 26th Floor, Harcourt House, 39 Gloucester Road, Wanchai, Hong Kong not less than 48 hours before the time appointed for holding the EGM (or any adjournment thereof, as the case may be).

NOTICE OF EXTRAORDINARY GENERAL MEETING

- (6) For the purpose of determining shareholders' eligibility to attend and vote at the EGM, the register of members of the Company will be closed from Wednesday, 23 May 2012 to Friday, 25 May 2012, both days inclusive, during which period no transfer of shares will be effected. As such, all transfers accompanied by the relevant share certificates must be lodged with the Company's share registrar, Tricor Secretaries Limited of 26th Floor, Tesbury Centre, 28 Queen's Road East, Hong Kong by 4:30 p.m. on Tuesday, 22 May 2012.
- (7) Completion and return of the form of proxy will not preclude a shareholder from attending and voting in person at the EGM. If such shareholder attends the EGM, his form of proxy will be deemed to have been revoked.
- (8) The ordinary resolution set out above will be determined by way of a poll.
- (9) The translation into Chinese language of this notice is for reference only. In case of any inconsistency, the English language version shall prevail.