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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)

PROPOSED ADOPTION OF NEW SHARE OPTION SCHEME BY SHANGHAI INDUSTRIAL URBAN DEVELOPMENT GROUP LIMITED

A letter from the Board is set out on pages 4 to 7 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 Tuesday, 21 May 2013 at 3:30 p.m. (or as 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 19 to 21 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.

18 April 2013



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DEFINITIONS

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

“Adoption Date”	the date on which the New SIUD Scheme becomes unconditional upon fulfilment of its conditions precedent;
“associate(s)”	shall have the meaning ascribed to it in the Listing Rules;
“Auditors”	the auditors for the time being of SIUD
“Board”	the board of Directors of the Company;
“Business Day”	a day on which the Stock Exchange is open for the 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;
“connected person”	shall have the meaning ascribed to it in the Listing Rules;
“Director(s)”	the director(s) of the Company;
“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 Tuesday, 21 May 2013 at 3:30 p.m. (or as 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);
“Eligible Employees”	shall have the meaning attributed to them in paragraph 4(a) of the Appendix to this circular;
“Eligible Participants”	the eligible participants of the New SIUD Scheme as more particularly set out in paragraph 4 of the Appendix to this circular;
“Exercise Date”	shall have the meaning attributed to it in paragraph 15 of the Appendix to this circular;
“Expired SIUD Scheme”	shall have the meaning attributed to it in section 1 of the Letter from the Board set out in this circular;

DEFINITIONS

“General Scheme Limit”	shall have the meaning attributed to it in paragraph 6(b) of the Appendix to this circular;
“Grantee”	any Eligible Participant who accepts an offer in accordance with the terms of the New SIUD Scheme or (where the context so permits) any person who is entitled to exercise the SIUD Option in accordance with the laws of succession applicable in respect of death of a Grantee;
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong;
“Holding Company”	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;
“Invested Entity”	any entity in which any member of the SIUD and its subsidiaries holds any equity interest;
“Latest Practicable Date”	12 April 2013, being the latest practicable date prior to the printing of this circular for ascertaining certain information in this circular;
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange;
“New SIUD Scheme” or “Scheme”	the new share option scheme which is proposed to be adopted by SIUD at the SIUD 2013 AGM;
“Offer Date”	the date, which must be a Business Day, on which an offer for the grant of an Option is made to an Eligible Participant;
“Option Period”	shall have the meaning attributed to it in paragraph 7 of the Appendix to this circular;
“Shareholders”	holders of share(s) of the Company;
“SIUD”	Shanghai Industrial Urban Development Group Limited, a company incorporated in Bermuda with limited liability and a subsidiary of the Company, the shares of which are listed on the Main Board of the Stock Exchange;

DEFINITIONS

“SIUD 2013 AGM”	the annual general meeting of SIUD to be held on Thursday, 16 May 2013;
“SIUD Board”	the board of directors of SIUD;
“SIUD Director(s)”	the director(s) of SIUD;
“SIUD Group”	SIUD and its subsidiaries from time to time;
“SIUD Options”	a right granted under the New SIUD Scheme to subscribe for SIUD Shares in accordance with the New SIUD Scheme;
“SIUD Shares”	ordinary share(s) of HK\$0.04 each in the capital of SIUD or if there has been a subsequent sub-division, consolidation, reclassification or reconstruction of the share capital of SIUD, shares forming part of the ordinary equity share capital of SIUD;
“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) of the Company or SIUD (as the case may be); and
“Termination Date”	the day that falls on the tenth anniversary of the Adoption Date.

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. Zhou Jie (*Vice Chairman and Chief Executive Officer*)
Mr. Lu Shen (*Executive Deputy CEO*)
Mr. Zhou Jun (*Deputy CEO*)
Mr. Xu Bo (*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
Mr. Cheng Hoi Chuen, Vincent

18 April 2013

To the Shareholders

Dear Sir or Madam,

**PROPOSED ADOPTION OF NEW SHARE OPTION SCHEME
BY
SHANGHAI INDUSTRIAL URBAN DEVELOPMENT GROUP LIMITED**

1. INTRODUCTION

SIUD is a subsidiary of the Company that is listed on the Stock Exchange. As at 12 April 2013, being the Latest Practicable Date, the issued share capital of SIUD was HK\$192,460,927.56 divided into 4,811,523,189 shares of HK\$0.04 each, of which the Company holds approximately 69.95%, or 3,365,883,000 shares.

SIUD's principal business is property development and investment.

A share option scheme of SIUD (the "**Expired SIUD Scheme**") was adopted by the then shareholders of SIUD at a special general meeting held on 12 December 2002. The Expired SIUD Scheme had a term of 10 years and expired on 11 December 2012.

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

LETTER FROM THE BOARD

2. INFORMATION ON THE EXPIRED SIUD SCHEME

The purpose of the Expired SIUD Scheme was to enable SIUD to grant options to eligible participants to subscribe for SIUD Shares as incentives and/or rewards for their contribution to the SIUD Group.

As at 12 April 2013, being the Latest Practicable Date, there were a total of 60,750,000 SIUD options granted and outstanding. These outstanding SIUD options granted under the Expired SIUD Scheme will continue to be valid and exercisable in accordance with their terms of issue and in all other respects, and the provisions of the Expired SIUD Scheme shall remain in full force and effect notwithstanding the expiry of the Expired SIUD Scheme. No further options have been or will be granted under the Expired SIUD Scheme after its expiry.

3. THE NEW SIUD SCHEME

The Expired SIUD Scheme was adopted by the then shareholders of SIUD at a special general meeting held on 12 December 2002. The Expired SIUD Scheme had a term of 10 years and expired on 11 December 2012. As at the Latest Practicable Date, SIUD has not adopted another share option scheme.

In light of the expiry of the Expired SIUD Scheme and in order to enable the continuity of SIUD's share option scheme, the SIUD Board wishes to seek approval from SIUD's shareholders for the New SIUD Scheme, which will be valid for ten years from the Adoption Date and proposed for SIUD shareholders' approval in the SIUD 2013 AGM. The purpose of the New SIUD Scheme is to enable SIUD to grant SIUD Options to the Eligible Participants with the opportunity to acquire SIUD Shares and to encourage Eligible Participants to work towards enhancing the value of SIUD and the SIUD Shares for the benefit of SIUD and its shareholders as a whole.

It will be proposed at the EGM as an ordinary resolution that the Company shall be authorised to approve the New SIUD Scheme for adoption by SIUD. A summary of the principal terms of the New SIUD Scheme is set out in "Appendix – Summary of the principal terms of, and other information on, the New SIUD Scheme".

The New SIUD Scheme will be subject to the administration of the SIUD Board. There is no performance target which must be achieved or minimum period for which a SIUD Option must be held before any of the SIUD Options can be exercised. The SIUD Board considers that these terms of the New SIUD Scheme will serve to encourage the Eligible Participants to participate in the Scheme.

No trustee is or will be appointed to administer the Scheme. None of the directors of SIUD or the Company is or will be a trustee of the New SIUD Scheme or has a direct or indirect interest in any such trustee, if any.

The provisions of the New SIUD Scheme have been prepared in compliance with Chapter 17 of the Listing Rules. The Company and SIUD will continue to comply with the relevant Listing Rules from time to time in force in respect of the New SIUD Scheme.

LETTER FROM THE BOARD

4. VALUE OF THE SIUD OPTIONS UNDER THE NEW SIUD SCHEME

As the New SIUD Scheme has not yet been approved by the SIUD shareholders at the SIUD 2013 AGM, the SIUD Board has not determined the time frame and any details on the granting of the SIUD Options. The SIUD Board considers that it is premature and inappropriate to state the value of the SIUD Options as if they had been granted pursuant to the New SIUD Scheme at the Latest Practicable Date as a number of variables which are crucial for the calculation of the SIUD Option value have not been determined. Such variables include but are not limited to the exercise price, exercise period, any lock-up period, any performance targets set and other relevant variables. The SIUD Board believes that any calculation of the value of the SIUD Options as at the Latest Practicable Date based on a number of speculative assumptions would not be meaningful and would be misleading. However, in compliance with the Listing Rules, estimated valuations of the SIUD Options granted during any financial period will be provided by SIUD based on the Black-Scholes option pricing model, binomial model or a comparable generally accepted methodology as at the relevant financial period of SIUD.

5. CONDITIONS PRECEDENT TO THE NEW SIUD SCHEME

The adoption of the New SIUD Scheme is conditional upon:

- (i) the passing of an ordinary resolution by the shareholders of SIUD in a general meeting for the adoption of the New SIUD Scheme and to authorise the SIUD Directors to grant the SIUD Options to subscribe for SIUD Shares under the New SIUD Scheme and to allot, issue and deal in the SIUD Shares pursuant to the exercise of any SIUD Options to be granted pursuant to the New SIUD Scheme;
- (ii) the passing of an ordinary resolution by the shareholders of the Company in a general meeting for the adoption of the New SIUD Scheme; and
- (iii) the Listing Committee of the Stock Exchange granting the listing of, and permission to deal in, any shares which may fall to be issued by SIUD pursuant to the exercise of the SIUD Options (initially up to the limit equal to 10% of the total number of SIUD Shares in issue as at the date of the SIUD 2013 AGM) in accordance with the terms and conditions of the New SIUD Scheme.

An application will be made by SIUD to the Listing Committee of the Stock Exchange for the listing of, and permission to deal in, the new SIUD Shares which may be issued pursuant to the exercise of the SIUD Options that are granted pursuant to the New SIUD Scheme.

6. RECOMMENDATION

The Directors believe that the proposed adoption by SIUD of the New SIUD Scheme is in the best interests of the Company and the Shareholders as a whole and recommend the Shareholders to vote in favour of the relevant resolution to be proposed at the EGM.

LETTER FROM THE BOARD

7. EGM

The Company will convene the EGM for the purpose of seeking approval from the Shareholders on the adoption of the New SIUD 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 Tuesday, 21 May 2013 at 3:30 p.m. (or as 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 19 to 21 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 wish.

8. 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.

9. GENERAL INFORMATION

As at the date of this circular, 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 New SIUD Scheme.

The full terms of the New SIUD Scheme may be inspected at the Company's registered office at 26th Floor, Harcourt House, 39 Gloucester Road, Wanchai, Hong Kong from the date of this circular up to and including the date of the EGM and at the EGM.

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

1. SUMMARY OF AND INFORMATION ON THE NEW SIUD SCHEME

The following is a summary of the principal terms of the New SIUD Scheme proposed to be approved by the shareholders of SIUD at its annual general meeting to be held on Thursday, 16 May 2013. The Scheme is governed by, and the terms of the Scheme are in accordance with, the provisions of Chapter 17 of the Listing Rules. This summary does not form part of, nor is it intended to be, part of the Scheme nor should it be taken as affecting the interpretation of the rules of the Scheme.

2. REQUIREMENT FOR HOLDING COMPANY APPROVAL

To the extent required by the Listing Rules, any provision in the Scheme requiring the approval of the shareholders or independent non-executive directors of SIUD shall be construed as also requiring the approval of the shareholders or independent non-executive directors (as the case may be) of the Company.

3. PURPOSE AND ADMINISTRATION OF THE SCHEME

The purpose of the Scheme is to enable SIUD to grant SIUD Options to the Eligible Participants as incentives and/or rewards for their contributions to the SIUD Group.

The Scheme shall be subject to the administration of the SIUD Directors whose decisions on all matters arising in relation to the Scheme or their interpretations or effect shall (save for the grant of SIUD Options to any SIUD Director, chief executive or substantial shareholder of SIUD or any of their respective associates must be approved by the independent non-executive directors of SIUD (excluding any independent non-executive directors of SIUD who or whose associate is the proposed Grantee of SIUD Options)) be final and binding on all persons who may be affected thereby.

4. GRANT AND ACCEPTANCE OF SIUD OPTIONS

Subject to the terms of the Scheme, the SIUD Board may, at its absolute discretion, grant SIUD Options to:

- (a) any employee (whether full time or part time, including any executive director and non-executive director and (if applicable) any supervisors) of any member of the SIUD Group or any Invested Entity (the “**Eligible Employees**”);
- (b) any independent non-executive directors and (if applicable) any supervisors of any member of the SIUD Group or any Invested Entity;
- (c) any supplier of goods or services to any member of the SIUD Group or any Invested Entity;
- (d) any customer of any member of the SIUD Group or any Invested Entity;

- (e) any person or entity that provides research, development or other support (technical or otherwise) to any member of the SIUD Group or any Invested Entity;
- (f) any shareholder of any member of the SIUD Group or any Invested Entity or any holder of any securities issued by any member of the SIUD Group or any Invested Entity;
- (g) any adviser or consultant (professional or otherwise) to any area of business or business development of any member of the SIUD Group or any Invested Entity; and
- (h) any other group or classes of participants who have contributed or may contribute by way of joint venture, business alliance or other business arrangement to the development and growth of the SIUD Group

(together the “**Eligible Participants**” and each an “**Eligible Participant**”) and, for the purposes of the Scheme, an offer may be made to any company wholly-owned by one or more Eligible Participants.

An offer of the grant of a SIUD Option shall be made to an Eligible Participant in writing in such form as the SIUD Board may from time to time determine and shall remain open for acceptance by the Eligible Participant concerned for a period of 21 days from the Offer Date, provided that no such offer shall be made after the tenth anniversary of the Adoption Date or the termination of the Scheme.

A non-refundable nominal consideration of HK\$1.00 is payable by the Grantee upon acceptance of an Offer. An Offer shall have been accepted when the duplicate letter comprising acceptance of the Offer duly signed by the Eligible Participant together with the said consideration of HK\$1.00 is received by SIUD. Upon an offer being accepted by an Eligible Participant in whole or in part in accordance with terms of the Scheme, SIUD Options in respect of which the offer was so accepted will be deemed to have been granted by SIUD to such Eligible Participant on the Offer Date.

Any offer of the grant of a SIUD Option may be accepted in respect of less than the number of SIUD Shares in respect of which it is offered.

5. SUBSCRIPTION PRICE

The subscription price for SIUD Shares under the Scheme may be determined by the SIUD Board at its absolute discretion subject to any adjustments made pursuant to the Scheme and in any event will not be less than the highest of:

- (a) the closing price of the SIUD Shares as stated in the Stock Exchange’s daily quotations sheets on the Offer Date;

- (b) the average closing price of the SIUD Shares as stated in the daily quotations sheets issued by the Stock Exchange for the five (5) Business Days immediately preceding the Offer Date; and
- (c) the nominal value of an SIUD Share on the Offer Date.

6. MAXIMUM NUMBER OF SIUD SHARES

- (a) The overall limit on the number of SIUD Shares which may be issued upon exercise of all outstanding SIUD Options granted and yet to be exercised under the Scheme and any other share option schemes of the SIUD Group must not exceed 30% of the SIUD Shares in issue from time to time. No options will be granted under the Scheme or any other share option scheme of the SIUD Group at any time if such grant would result in the aforesaid limit being exceeded.
- (b) The SIUD Shares which may be issued upon exercise of all SIUD Options to be granted under the Scheme and all other share option schemes of the SIUD Group shall not exceed 10% of the SIUD Shares in issue on the date of the SIUD 2013 AGM (the “**General Scheme Limit**”), subject to renewal of the General Scheme Limit as referred to below.

SIUD Options lapsed in accordance with the terms of the Scheme shall not be counted for the purpose of calculating the General Scheme Limit as the same may be renewed from time to time. As at the Latest Practicable Date, there were 4,811,523,189 SIUD Shares in issue. Assuming that no further SIUD Shares will be allotted, issued or repurchased prior to the SIUD 2013 AGM, the total number of SIUD Shares issuable pursuant to the Scheme would be 481,152,318 SIUD Shares, representing 10% of the total number of SIUD Shares in issue as at the date of approval of the Scheme.

SIUD may refresh the General Scheme Limit at any time subject to prior SIUD shareholders’ approval. However, the General Scheme Limit as refreshed shall not exceed 10% of the SIUD Shares in issue as at the date of the aforesaid SIUD shareholders’ approval of such limit. SIUD Options previously granted under the Scheme and under any other share option schemes (including those outstanding, cancelled, lapsed in accordance with the schemes or exercised) shall not be counted for the purpose of calculating the limit as refreshed.

- (c) SIUD may also seek separate SIUD shareholders’ approval for granting SIUD Options beyond the General Scheme Limit (or the refreshed limit), to Eligible Participants specifically identified by SIUD before the aforesaid SIUD shareholders’ meeting where such approval is sought.
- (d) The total number of SIUD Shares issued and to be issued on the exercise of options granted and to be granted (including both exercised and outstanding options) under the Scheme and other share option scheme of the SIUD Group to each Grantee in any 12-month period shall not exceed 1% of the total issued

SIUD Shares for the time being unless the SIUD shareholders approve in a general meeting the grant of the SIUD Options in excess of the 1% limit referred to in this paragraph with the relevant Grantee and his associates abstaining from voting on such resolution.

- (e) The exercise of any SIUD Option shall be subject to SIUD shareholders' approval in a general meeting of any necessary increase in the authorised share capital of SIUD. Subject thereto, the SIUD Board shall make available sufficient authorised but unissued share capital of SIUD to allot the SIUD Shares on the exercise of SIUD Options.

7. EXERCISE OF SIUD OPTIONS

SIUD Options may be exercised at any time during the period to be determined and identified by the SIUD Board to each Grantee at the time of making an offer for the grant of a SIUD Option, but in any event no later than 10 years from the Offer Date (the "**Option Period**"). SIUD Options may be exercised in whole or in part by the Grantee giving notice in writing to SIUD stating that SIUD Options are thereby exercised and the number of SIUD Shares in respect of which it is exercised. Each such notice must be accompanied by a remittance for the full amount of the subscription price for the SIUD Shares in respect of which the notice is given.

Within 21 days (or 7 days in the case of a general or partial offer, where applicable according to the terms of the Scheme) after receipt of the notice and the remittance and, where appropriate, receipt of the certificate of the auditors or independent financial advisors pursuant to the terms of the Scheme, SIUD shall allot and issue the relevant SIUD Shares to the Grantee credited as fully paid.

There is no performance target which must be achieved or minimum period for which an SIUD Option must be held before any of the SIUD Options can be exercised, unless otherwise determined by the SIUD Board.

8. RESTRICTIONS ON THE TIME OF GRANT OF SIUD OPTIONS

No offer shall be made:

- (a) after inside information has come to the knowledge of SIUD until SIUD has announced the information. In particular, an offer may not be made during the period commencing one month immediately before the earlier of:
 - (i) the date of the SIUD Board meeting (as such date is first notified to the Stock Exchange under the Listing Rules) for approving SIUD's results for any year, half-year, quarter or any other interim period (whether or not required under the Listing Rules); and

- (ii) the deadline for SIUD to announce its results for any year or half-year under the Listing Rules, or quarter or any other interim period (whether or not required under the Listing Rules),

and ending on the date of the results announcement; and

- (b) to an Eligible Participant who is a SIUD Director or a relevant employee of SIUD during the periods or times in which the SIUD Directors and/or the relevant employees (as the case may be) are prohibited from dealing in SIUD Shares pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers prescribed by the Listing Rules or any corresponding code or securities dealing restrictions adopted by SIUD (as the case may be).

9. RIGHTS ARE PERSONAL TO THE GRANTEES

An Option is personal to the Grantee and shall not be transferable or assignable. A Grantee shall not sell, transfer, charge, mortgage, encumber or otherwise dispose of or create with any interest in favour of any third party over or in relation to any SIUD Option or enter into any agreement to do so. Any breach of the foregoing shall entitle SIUD to cancel any outstanding SIUD Options or any part thereof.

10. GRANT OF SIUD OPTIONS TO CONNECTED PERSONS OR ANY OF THEIR RESPECTIVE ASSOCIATES

Each grant of SIUD Options to any director, chief executive or substantial shareholder of SIUD or any of their respective associates shall be approved by the independent non-executive directors of SIUD (excluding any independent non-executive director who or whose associate is the proposed Grantee). Where any grant of SIUD Options to a substantial shareholder or an independent non-executive director of SIUD, or any of their respective associates, would result in the SIUD Shares issued and to be issued upon exercise of all options already granted and to be granted (including options exercised, cancelled and outstanding) to such person in the 12-month period up to and including the date of such grant:

- (a) representing in aggregate over 0.1% of the SIUD Shares in issue; and
- (b) having an aggregate value, based on the closing price of the SIUD Shares as stated in the daily quotations sheets issued by the Stock Exchange on the Offer Date of each offer, in excess of HK\$5 million,

such further grant of SIUD Options must be approved by the shareholders of SIUD in general meeting. All connected persons (as defined in the Listing Rules) of SIUD must abstain from voting in favour at such general meeting.

11. RIGHTS ON CEASING EMPLOYMENT

In the event a Grantee, being an Eligible Employee, ceases to be an Eligible Employee for any reason other than his death, ill-health or retirement in accordance with his contract of employment or the termination of his employment on one or more of the grounds specified in paragraph 19(d) below before exercising the SIUD Option in full, the Grantee may exercise the SIUD Options (to the extent not already exercised) in whole or in part in accordance with the terms of the Scheme within a period of 6 months following the date of such cessation or, if any of the events referred to in paragraph 13 or 14 occur during such period, exercise such SIUD Options pursuant to paragraph 13 or 14 respectively. The date of cessation or termination as aforesaid shall be the last day on which the Grantee was actually at work with SIUD or the relevant subsidiary or the Invested Entity whether salary is paid in lieu of notice or not. For the purpose of this paragraph, a Grantee being an independent non-executive director or a supervisor of SIUD, any subsidiary or any Invested Entity shall be regarded as an Eligible Employee and this paragraph shall be applied to such Grantee *mutatis mutandis*.

If the Grantee is an Eligible Employee and in the event of his ceasing to be an Eligible Employee by reason of the termination of his employment on one or more of the grounds specified in paragraph 19(d) below before exercising the SIUD Options in full, the SIUD Options (to the extent not already exercised) shall lapse on the date of cessation to be an Eligible Employee. If the Grantee is an independent non-executive director or a supervisor of SIUD, any subsidiary or any Invested Entity and in the event of his ceasing to be an independent non-executive director or a supervisor of SIUD, any subsidiary or any Invested Entity (as the case may be) by reason of the termination of his employment on one or more grounds specified in paragraph 19(e) below before exercising the SIUD Options in full, the SIUD Options (to the extent not already exercised) shall lapse on the date of cessation to be an independent non-executive director or a supervisor of SIUD, any subsidiary or any Invested Entity (as the case may be).

12. RIGHTS ON DEATH, ILL-HEALTH OR RETIREMENT

In the event a Grantee, being an Eligible Employee, ceases to be an Eligible Employee by reason of his death, ill-health or retirement in accordance with his contract of employment before exercising the SIUD Option in full, his personal representative(s) or, as appropriate, the Grantee may exercise the SIUD Option (to the extent not already exercised) in whole or in part in accordance with the provisions of the terms of the Scheme within a period of 12 months following the date of cessation of employment which date shall be the last day on which the Grantee was at work with SIUD or the relevant subsidiary or the Invested Entity whether salary is paid in lieu of notice or not, or such longer period as the SIUD Directors may determine or, if any of the events referred to in paragraph 13 or 14 occur during such period, exercise such SIUD Options pursuant to paragraph 13 or 14 respectively. For the purpose of this paragraph,

a Grantee being an independent non-executive director or a supervisor of SIUD, any subsidiary or any Invested Entity shall be regarded as an Eligible Employee and this paragraph shall be applied to such Grantee *mutatis mutandis*.

13. RIGHTS ON TAKEOVER AND SCHEME OF ARRANGEMENT

If a general or partial offer, whether by way of take-over offer, share re-purchase offer, or scheme of arrangement or otherwise in like manner is made to all the holders of the SIUD Shares, or all such holders other than the offeror and/or any person controlled by the offeror and/or any person acting in association or concert with the offeror, SIUD shall use all reasonable endeavours to procure that such offer is extended to all the Grantees on the same terms, *mutatis mutandis*, and assuming that they will become, by the exercise in full of the SIUD Options granted to them, SIUD shareholders. If such offer becomes or is declared unconditional or such scheme of arrangement is formally proposed to the SIUD shareholders, the Grantee shall, notwithstanding any other terms on which his SIUD Options were granted, be entitled to exercise the SIUD Options (to the extent not already exercised) to the full extent or to the extent specified in the Grantee's notice to SIUD in accordance with the terms of the Scheme at any time thereafter and up to the close of such offer (or any revised offer) or the record date for entitlements under such scheme of arrangement, as the case may be.

14. RIGHTS ON WINDING UP

In the event of a resolution being proposed for the voluntary winding-up of SIUD during the SIUD Option Period, the Grantee may, subject to the provisions of all applicable laws, by notice in writing to SIUD at any time not less than two (2) Business Days before the date on which such resolution is to be considered and/or passed, exercise his SIUD Options (to the extent not already exercised) either to the full extent or to the extent specified in such notice in accordance with the terms of the Scheme and SIUD shall allot and issue to the Grantee the SIUD Shares in respect of which such Grantee has exercised his Option not less than one (1) Business Day before the date on which such resolution is to be considered and/or passed whereupon he shall accordingly be entitled, in respect of the SIUD Shares allotted and issued to him in the aforesaid manner, to participate in the distribution of the assets of SIUD available in liquidation *pari passu* with the holders of the SIUD Shares in issue on the Business Day prior to the date of such resolution. Subject thereto, all SIUD Options then outstanding shall lapse and determine on the commencement of the winding-up.

15. RANKING OF SIUD SHARES

The SIUD Shares to be allotted and issued upon the exercise of a SIUD Option shall be subject to all the provisions of the constitutional documents for the time being in force and will rank *pari passu* in all respects with the then existing fully paid SIUD Shares in issue on the date on which the SIUD Option is duly exercised or, if that date falls on a day when the register of members of SIUD is closed, the first day of the re-opening of the register of members ("**Exercise Date**") and accordingly will entitle the holders thereof to participate in all dividends or other distributions paid or made on

or after the Exercise Date 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 Exercise Date. A SIUD Share allotted and issued upon the exercise of a SIUD Option shall not carry voting rights until the name of the Grantee has been duly entered on the register of members of SIUD as the holder thereof.

16. CANCELLATION OF SIUD OPTIONS

Subject to paragraph 9 above and Chapter 17 of the Listing Rules, any SIUD Options granted but not exercised may be cancelled if the Grantee so agrees and subject to the approval of the SIUD Directors and new SIUD Options may be granted to the same Grantee under a share option scheme with available unissued options (excluding, for that purpose, the cancelled options) provided such new SIUD Options fall within the limits set out in paragraph 6 and otherwise comply with the terms of the Scheme.

17. EFFECTS OF ALTERNATIONS TO SHARE CAPITAL

In the event of any alteration in the capital structure of SIUD whilst any SIUD Option remains exercisable or the Scheme remains in effect, and such event arises from a capitalisation of profits or reserves, rights issue, consolidation or sub-division of the SIUD Shares, or reduction of the share capital of SIUD, then, in any such case SIUD shall instruct the Auditors or an independent financial adviser to certify in writing the adjustment, if any, that ought in their opinion fairly and reasonably to be made either generally or as regards any particular Grantee, to:

- (a) the number or nominal amount of SIUD Shares to which the Scheme or any SIUD Option(s) relates; and/or
- (b) the subscription price of any SIUD Option; and/or
- (c) (unless the relevant Grantee elects to waive such adjustment) the number of SIUD Shares comprised in an SIUD Option or which remain comprised in a SIUD Option,

and an adjustment as so certified by the Auditors or such independent financial adviser shall be made, provided that:

- (i) any such adjustment shall give the Grantee the same proportion of the issued share capital of SIUD for which such Grantee would have been entitled to subscribe had he exercised all the SIUD Options held by him immediately prior to such adjustment;
- (ii) no such adjustment shall be made the effect of which would be to enable a SIUD Share to be issued at less than its nominal value;

- (iii) the issue of SIUD Shares or other securities of the SIUD Group as consideration in a transaction shall not be regarded as a circumstance requiring any such adjustment; and
- (iv) any such adjustment shall be made in compliance with such rules, codes and guidance notes of the Stock Exchange from time to time.

In respect of any adjustment referred to in this paragraph 17, other than any adjustment made on a capitalisation issue, the Auditors or such independent financial adviser must confirm to the SIUD Directors in writing that the adjustments satisfy the requirements of the relevant provisions of the Listing Rules.

18. DURATION AND ADMINISTRATION OF THE SCHEME

The Scheme shall be valid and effective for a period of ten years commencing on the Adoption Date. After the expiry of the ten-year period (or the termination of the Scheme by resolution in general meeting of SIUD), no further SIUD Options may be issued but the provisions of the Scheme shall remain in force to the extent necessary to give effect to the exercise of any SIUD Options granted or exercised prior thereto or otherwise as may be required in accordance with the provisions of the Scheme.

The Scheme shall be subject to the administration of the SIUD Board whose decision as to all matters arising in relation to the Scheme or its interpretation or effect (save as otherwise provided therein) shall be final and binding on all persons who may be affected thereby.

19. LAPSE OF SIUD OPTIONS

The Option Period in respect of any SIUD Option shall automatically terminate and that Option (to the extent not already exercised) shall lapse on the earliest of:

- (a) the expiry of the Option Period;
- (b) the expiry of any of the periods as referred to in any of the paragraphs 11 to 14 above;
- (c) the date of commencement of the winding-up of SIUD;
- (d) in respect of a Grantee who is an Eligible Employee, the date on which the Grantee ceases to be an Eligible Employee by reason of a termination of his employment on the grounds that he has been guilty of persistent or serious misconduct, or has committed any act of bankruptcy or has become insolvent or has made any arrangement or composition with his creditors generally, or has been convicted of any criminal offence (other than an offence which in the opinion of the SIUD Directors does not bring the Grantee or any member of the SIUD Group or the Invested Entity into disrepute);

- (e) in respect of a Grantee who is an independent non-executive director or a supervisor of SIUD, any subsidiary or any Invested Entity, the date on which the SIUD Directors shall at their absolute discretion determine that the Grantee ceases to be an Eligible Participant on the grounds that he has been guilty of persistent or serious misconduct, or has committed any act of bankruptcy or has become insolvent or has made any arrangement or composition with his creditors generally, or has been convicted of any criminal offence (other than an offence which in the opinion of the SIUD Directors does not bring the Grantee or any member of the SIUD Group or the Invested Entity into disrepute);
- (f) without prejudice to paragraph 19(e) in respect of a Grantee other than an Eligible Employee, the date on which the SIUD Directors shall at their absolute discretion determine that (i) (aa) the Grantee or his associate has committed any breach of any contract entered into between the Grantee or his associate on the one part and any member of the SIUD Group or any Invested Entity on the other part; or (bb) the Grantee has committed any act of bankruptcy or has become insolvent or is subject to any winding-up, liquidation or analogous proceedings or has made any arrangement or composition with his creditors generally or (cc) the Grantee could no longer make any contribution to the growth and development of any member of the SIUD Group by reason of the cessation of its relations with the SIUD Group or by any other reason whatsoever; and (ii) the SIUD Option shall lapse as a result of any event specified in sub-paragraph (aa), (bb) or (cc) above; and
- (g) the date on which the SIUD Directors shall exercise SIUD's right to cancel the SIUD Option by reason of a breach of paragraph 9 above by the Grantee in respect of that or any other SIUD Option.

20. ALTERATIONS TO THE TERMS OF THE SCHEME

Provisions of the Scheme may be altered in any respect by a resolution of the SIUD Directors except that:

- (a) the provisions of the Scheme as to the definitions of "Eligible Participants", "Grantee", "Option Period" and "Termination Date"; and
- (b) the provisions of this Scheme relating to the matters governed by Rule 17.03 of the Listing Rules

shall not be altered to the advantage of Grantees or prospective Grantees except with the prior sanction of a resolution of the SIUD shareholders in general meeting. Any alterations to the terms and conditions of the Scheme which are of a material nature or any change to the terms of SIUD Options granted shall be approved by the shareholders of SIUD in general meeting except where the alterations take effect automatically under the existing terms of the Scheme. The Scheme so altered must comply with the applicable requirements of the Listing Rules.

21. TERMINATION

SIUD shareholders by ordinary resolution in general meeting or the SIUD Board may at any time terminate the operation of the Scheme and in such event no further SIUD Options will be offered or granted but in all other respects the provisions of the Scheme shall remain in full force and effect. SIUD Options complying with the provisions of Chapter 17 of the Listing Rules which are granted during the life of the Scheme and remain unexpired immediately prior to the termination of the operation of the Scheme shall continue to be exercisable in accordance with their terms of issue after the termination of the Scheme.

22. GENERAL

The Scheme constitutes a share option scheme governed by Chapter 17 of the Listing Rules and adoption of the Scheme is subject to the approval of the Shareholders in the EGM and the approval of the SIUD shareholders in its annual general meeting to be held on Thursday, 16 May 2013.

As the New SIUD Scheme has not yet been approved by the SIUD shareholders at the SIUD 2013 AGM, the SIUD Board has not determined the time frame and any details on the granting of the SIUD Options. The SIUD Board considers that it is premature and inappropriate to state the value of the SIUD Options as if they had been granted pursuant to the New SIUD Scheme at the Latest Practicable Date as a number of variables which are crucial for the calculation of the SIUD Option value have not been determined. Such variables include but are not limited to the exercise price, exercise period, any lock-up period, any performance targets set and other relevant variables. The SIUD Board believes that any calculation of the value of the SIUD Options as at the Latest Practicable Date based on a number of speculative assumptions would not be meaningful and would be misleading. However, in compliance with the Listing Rules, estimated valuations of the SIUD Options granted during any financial period will be provided by SIUD based on the Black-Scholes option pricing model, binomial model or a comparable generally accepted methodology as at the relevant financial period of SIUD.

An application will be made by SIUD to the Listing Committee of the Stock Exchange for the listing of, and permission to deal in, the new SIUD Shares which may be issued pursuant to the exercise of the options which may be granted pursuant to the Scheme.

As of the date of this circular, no option had been granted or agreed to be granted by the SIUD Board pursuant to the Scheme.

The Scheme will be subject to the administration of the SIUD Board. No trustee is or will be appointed to administer the Scheme. None of the directors of SIUD or its Holding Company is or will be a trustee of the Scheme or have a direct or indirect interest in any such trustee, if any.

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 OF EXTRAORDINARY GENERAL MEETING

NOTICE IS HEREBY GIVEN that an extraordinary general meeting (the “EGM”) 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 Tuesday, 21 May 2013 at 3:30 p.m. (or as 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 an ordinary resolution of the Company:

ORDINARY RESOLUTION

“**THAT**

(A) subject to and conditional upon the approval by:

1. the shareholders of Shanghai Industrial Urban Development Group Limited (“**SIUD**”, the Company’s subsidiary that is listed on The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”)) at its forthcoming annual general meeting of its new share option scheme, the principal terms of which are set out in the circular dated 18 April 2013 issued by the Company under “Appendix – Summary of Principal Terms of, and Other Information on, the SIUD Share Option Scheme” and the terms of which are set out in the printed document produced to this meeting marked “A” and initialled by the chairman of the meeting for the purpose of identification (the “**New SIUD Share Option Scheme**”); and
2. the Listing Committee of the Stock Exchange for the listing of, and permission to deal in, the ordinary shares of HK\$0.04 each in the share capital of SIUD (the “**SIUD Shares**”) to be issued pursuant to the exercise of the share options which may be granted under the New SIUD Share Option Scheme,

the New SIUD Share Option Scheme be and is hereby approved to be the share option scheme for SIUD, and that the board of directors of SIUD 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 effect to the New SIUD Share Option Scheme, including but without limitation to:

- (a) administer the New SIUD Share Option Scheme under which share options will be granted to participants eligible under the New SIUD Share Option Scheme to subscribe for SIUD Shares;

NOTICE OF EXTRAORDINARY GENERAL MEETING

- (b) modify and/or amend the SIUD Share Option Scheme from time to time provided that such modification and/or amendment is effected in accordance with the provisions of the New SIUD Share Option Scheme relating to modification and/or amendment;
 - (c) issue and allot from time to time such number of SIUD Shares as may be required to be issued and allotted pursuant to the exercise of the share options under the New SIUD Share Option Scheme;
 - (d) make application at appropriate time or times to the Stock Exchange, and any other stock exchanges upon which the issued SIUD Shares may for the time being be listed, for listing of, and permission to deal in, any SIUD Shares which may from time to time be issued and allotted pursuant to the exercise of the share options under the New SIUD Share Option Scheme;
 - (e) 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 New SIUD Share Option Scheme; and
- (B) any one director 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, desirable or expedient in order to give effect to the New SIUD Share Option Scheme notwithstanding that he may be interested in the same.”

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

Hong Kong, 18 April 2013

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

Notes:

- (1) A shareholder entitled to attend and vote at 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, then 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 authorised in writing or, if the appointer is a corporation, either under its seal or under the hand of an officer, attorney or other person authorised to sign the same.

NOTICE OF EXTRAORDINARY GENERAL MEETING

- (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).
- (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 on Monday, 20 May 2013, and no transfer of shares will be effected on that day. 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 Thursday, 16 May 2013.
- (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.