
THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

If you are in any doubt as to any aspect of this circular or as to the action to be taken, you should consult your stockbroker or other registered dealer in securities, bank manager, solicitor, professional accountant or other professional adviser.

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 or transferee or to the bank, stockbroker or other agent through whom the sale or transfer was effected for transmission to the purchaser or transferee.

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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 GENERAL MANDATES TO REPURCHASE SHARES
AND TO ISSUE SHARES
AND
RE-ELECTION OF THE RETIRING DIRECTORS**

A notice convening the annual general meeting of Shanghai Industrial Holdings Limited to be held at the Conference Room of the Company at 26th Floor, Harcourt House, 39 Gloucester Road, Wanchai, Hong Kong on 26th May 2005 (Thursday) at 3:00 p.m., is set out in the Annual Report.

Whether or not you are able to attend the meeting, please 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 holding the meeting. Completion and return of the form of proxy shall not preclude you from attending and voting at the Annual General Meeting if you so wish.

This circular contains all the information required pursuant to the Listing Rules to be given to the Shareholders of the Company.

28th April 2005

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DEFINITIONS

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

“Annual General Meeting”	the annual general meeting of the Company to be held on 26th May 2005 (Thursday) at 3:00 p.m. at the Conference Room of the Company at 26th Floor, Harcourt House, 39 Gloucester Road, Wanchai, Hong Kong;
“Annual Report”	the annual report of the Company being despatched to the Shareholders together with this circular;
“Company”	Shanghai Industrial Holdings Limited, a company incorporated in Hong Kong with limited liability, the shares of which are listed on the Stock Exchange;
“Connected Person”	a director, chief executive or substantial shareholder of the Company or any of its subsidiaries or their respective associates (as defined in the Listing Rules);
“Director(s)”	director(s) of the Company;
“Group”	the Company and its subsidiaries;
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC;
“Issue Mandate”	the general and unconditional mandate to allot, issue and deal with Shares with an aggregate nominal value not exceeding 20 percent of the aggregate nominal amount of the Shares in issue at the date of passing the resolution;
“Latest Practicable Date”	25th April 2005 which is the latest practicable date prior to the printing of this circular for ascertaining certain information contained in it;
“Listing Rules”	The Rules Governing the Listing of Securities on the Stock Exchange;
“Notice”	the notice convening the Annual General Meeting dated 28th April 2005 is set out in the Annual Report;

DEFINITIONS

“PRC”	the People’s Republic of China;
“Repurchase Mandate”	the general and unconditional mandate to exercise all powers of the Company to purchase issued and fully-paid Shares not exceeding 10 percent of the aggregate nominal amount of the Shares in issue at the date of passing the resolution;
“SFO”	Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong);
“Share(s)”	share(s) of \$0.10 each in the share capital of the Company;
“Shareholder(s)”	registered holder(s) of Share(s);
“SIH”	Shanghai Investment Holdings Limited, a company incorporated in the British Virgin Islands with limited liability;
“SIIC”	Shanghai Industrial Investment (Holdings) Co. Ltd., a company incorporated in Hong Kong with limited liability;
“SIIC Capital”	SIIC Capital (B.V.I.) Ltd., a company incorporated in the British Virgin Islands with limited liability;
“SIIC CM Development”	SIIC CM Development Ltd., a company incorporated in the British Virgin Islands with limited liability;
“SIIC CM Development Funds”	SIIC CM Development Funds Ltd., a company incorporated in Hong Kong with limited liability;
“SIIC Treasury”	SIIC Treasury (B.V.I.) Ltd., a company incorporated in the British Virgin Islands with limited liability;
“STC”	Shanghai Industrial Investment Treasury Co. Ltd., a company incorporated in the British Virgin Islands with limited liability;
“Stock Exchange”	The Stock Exchange of Hong Kong Limited;

DEFINITIONS

“Takeovers Code”	Hong Kong Code on Takeovers and Mergers and Shares Repurchases; and
“\$” and “cents”	Hong Kong dollars and cents.

LETTER FROM THE CHAIRMAN



上海實業控股有限公司
SHANGHAI INDUSTRIAL HOLDINGS LIMITED

(Incorporated in Hong Kong with limited liability)

(Stock Code: 363)

Directors

Executive Directors:

Mr. Cai Lai Xing *(Chairman)*
Mr. Qu Ding *(Vice Chairman)*
Mr. Lu Ming Fang *(Chief Executive Officer)*
Mr. Lu Da Yong *(Executive Deputy CEO)*
Mr. Ding Zhong De
Mr. Lu Shen
Mr. Qian Shi Zheng
Mr. Yao Fang
Mr. Tang Jun

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

28th April 2004

To all Shareholders of the Company

Dear Sir or Madam,

**PROPOSED GENERAL MANDATES TO REPURCHASE SHARES
AND TO ISSUE SHARES
AND
RE-ELECTION OF THE RETIRING DIRECTORS**

1. INTRODUCTION

The purpose of this circular is to provide you with information regarding the proposals for the Repurchase Mandate, the Issue Mandate and the re-election of the retiring Directors and to seek your approval at the Annual General Meeting in connection with, inter alia, such matters.

LETTER FROM THE CHAIRMAN

2. PROPOSED GENERAL MANDATES TO REPURCHASE THE COMPANY'S OWN SHARES AND TO ISSUE SHARES

At the annual general meeting held on 28th May 2004, general mandates were given to the Directors: (i) to allot, issue and deal with Shares not exceeding 20 percent of the issued share capital of the Company as at the date of the ordinary resolution and (ii) to exercise the powers of the Company to repurchase Shares up to a maximum of 10 percent of the issued share capital of the Company as at the date of the ordinary resolution. Such mandates will lapse at the conclusion of the Annual General Meeting.

An ordinary resolution set out in the Notice will be proposed at the Annual General Meeting to grant the Repurchase Mandate to the Directors.

The Repurchase Mandate would continue in force until the conclusion of the next annual general meeting of the Company or the expiration of the period within which the next annual general meeting of the Company is required by law or the articles of association of the Company to be held or until the Repurchase Mandate is revoked or varied by an ordinary resolution of the Shareholders in general meeting, whichever is the earlier.

Two separate ordinary resolutions will also be proposed at the Annual General Meeting to grant the Issue Mandate to the Directors and extending the Issue Mandate by adding to it the number of Shares repurchased by the Company under the Repurchase Mandate.

The explanatory statement required by the Listing Rules to be included in this circular is set out in Appendix I to this circular.

3. PROPOSED RE-ELECTION OF THE RETIRING DIRECTORS

In accordance with Articles 92 and 101 of the articles of association of the Company, Mr. Cai Lai Xing, Mr. Qu Ding, Mr. Lu Ming Fang, Mr. Yao Fang, Mr. Tang Jun and Dr. Lo Ka Shui shall retire at the Annual General Meeting and, being eligible, have offered themselves for re-election.

Their biographical details which are required to be disclosed by the Listing Rules are set out in Appendix II to this circular.

4. ANNUAL GENERAL MEETING

At the Annual General Meeting, ordinary resolutions will be proposed to approve the Repurchase Mandate, the Issue Mandate and the extension of the Issue Mandate.

LETTER FROM THE CHAIRMAN

The Notice is set out in pages 128 to 130 of the Annual Report. Shareholders are advised to read the Notice and to complete and return the accompanying form of proxy for use at the Annual General Meeting in accordance with the instructions printed thereon.

5. DEMAND FOR POLL AT THE ANNUAL GENERAL MEETING

Pursuant to Article 73 of the articles of association of the Company, at any general meeting a resolution put to the vote of the meeting shall be decided on a show of hands unless a poll is taken as may from time to time be required under the Listing Rules or any other applicable laws, rules or regulations or unless a poll is (before or on the declaration of the result of the show of hands) demanded. A poll may be demanded:

- (a) by the Chairman; or
- (b) by at least three members present in person or in the case of a member being a corporation by its duly authorised representative or by proxy for the time being entitled to vote at the meeting; or
- (c) by any member or members present in person or in the case of a member being a corporation by its duly authorised representative or by proxy and representing not less than one-tenth of the total voting rights of all the members having the right to vote at the meeting; or
- (d) by any member or members present in person or in the case of a member being a corporation by its duly authorised representative or by proxy and holding shares in the Company conferring a right to vote at the meeting being shares on which an aggregate sum has been paid up equal to not less than one-tenth of the total sum paid up on all the shares conferring that right.

6. RECOMMENDATION

The Directors consider that the grant of the Repurchase Mandate, the Issue Mandate, the extension of the Issue Mandate and the re-election of the retiring Directors are in the interests of the Company and the Shareholders. Accordingly, the Directors recommend Shareholders to vote in favour of the relevant resolutions to be proposed at the Annual General Meeting.

On behalf of the Board
CAI LAI XING
Chairman

This explanatory statement contains all the information required under the Listing Rules for you to consider the Repurchase Mandate.

The Listing Rules permit companies whose primary listings are on the Stock Exchange to repurchase their fully paid up shares on the Stock Exchange subject to certain restrictions, the most important of which are summarized below:

1. SHARE CAPITAL

As at the Latest Practicable Date, the issued share capital of the Company comprised 960,893,000 Shares. On the basis that no further Shares are issued or repurchased prior to the date of the Annual General Meeting, the Company would be allowed under the Repurchase Mandate to repurchase a maximum of 96,089,300 Shares, representing 10 percent of the issued Shares as at the Latest Practicable Date.

2. REASONS FOR REPURCHASE OF SHARES

The Directors have no present intention to repurchase any Shares and, whilst it is not possible to anticipate in advance those circumstances in which the Directors might think it appropriate to repurchase Shares, Shares would only be purchased in circumstances where the Directors consider that the purchase would be in the interests of the Company and the Shareholders. Such purchase may, depending on marketing conditions and funding arrangements at the time, lead to an enhancement of the net asset value of the Company and/or its earnings per Share.

3. SOURCE OF FUNDS

It is proposed that repurchases of Shares under the Repurchase Mandate would be financed from internal funds and available banking facilities of the Company. In repurchasing Shares, the Company may only apply funds legally available for such purpose in accordance with the laws of Hong Kong and the Company's memorandum and articles of association.

4. WORKING CAPITAL OR GEARING

If the Repurchase Mandate was exercised in full at any time during the proposed purchase period, it would not have a material adverse effect on the working capital requirements of the Company or its gearing levels (as compared with the position disclosed in the Company's accounts for the year ended 31st December 2004). The Directors do not propose to exercise the Repurchase Mandate to such extent as would, in the circumstances, have a material adverse effect on the working capital requirements of the Company or its gearing levels (as compared with the position disclosed in the Company's accounts for the year ended 31st December 2004) which in the opinion of the Directors are from time to time appropriate for the Company.

5. DIRECTORS AND THEIR ASSOCIATES

None of the Directors nor, to the best of their knowledge and belief having made all reasonable enquiries, any of their associates (as defined under the Listing Rules), has any present intention, in the event that the Repurchase Mandate is approved by Shareholders, to sell Shares to the Company.

6. CONNECTED PERSONS

No Connected Persons has notified the Company that he/she has a present intention to sell any Shares (in issue or to be issued) to the Company or has he/she undertaken not to sell any of the Shares held by him/her (in issue or to be issued to him/her) to the Company in the event that the Company is authorised to make repurchases of Shares.

7. UNDERTAKING OF THE DIRECTORS

The Directors have undertaken to the Stock Exchange to exercise the power of the Company to make repurchases of Shares pursuant to the proposed resolution in accordance with the Listing Rules, all applicable laws of Hong Kong, and the regulations set out in the memorandum and articles of association of the Company.

8. EFFECT OF TAKEOVERS CODE

If, as a result of a repurchase of Shares, a shareholder's proportionate interest in the voting rights of the Company increases, such increase will be treated as an acquisition for the purposes of the Takeovers Code. Accordingly, a shareholder or group of shareholders acting in concert, could obtain or consolidate control of the Company and become obliged to make a mandatory offer in accordance with Rule 26 of the Takeovers Code and the provisions may otherwise apply as a result of any such increase.

As at the Latest Practicable Date, (i) SIH, SIIC Capital and SIIC CM Development were the beneficial owners of 468,066,000, 80,000,000 and 10,000 Shares respectively. SIIC Capital is wholly owned by SIH. SIIC owns 100 percent of SIIC CM Development and also of STC, which in turn owns 100 percent of SIH; and (ii) SIIC Treasury and SIIC CM Development Funds hold equity link instruments in respect of 1,058,153 and 378,272 underlying Shares respectively. SIIC Treasury and SIIC CM Development Funds are wholly owned by SIIC and SIIC CM Development respectively.

As such, SIIC is accordingly deemed to be interested in the respective shares held by the aforementioned companies, representing approximately 57.2 percent of the total issued share capital of the Company. Assuming no changes in the shareholdings of the aforementioned companies, in the event that the Directors of the Company exercise in full the power to repurchase the Shares, the shareholding of SIIC would be increased from approximately 57.2 percent to approximately 63.5 percent. Such increase would not give rise to an obligation to make a mandatory offer in accordance with Rule 26 of the Takeovers Code. So the Directors do not aware of any consequences of any purchase which will arise under the Takeovers Code. The Company will not purchase its Shares which will reduce the aggregate amount of the share capital of the Company in public hands to below 25 percent.

9. SHARE PRICES

The highest and lowest prices at which the Shares have been traded on the Stock Exchange in each of the previous twelve months from the Latest Practicable Date are as follows:

Month	Per Share	
	Highest	Lowest
	<i>HK\$</i>	<i>HK\$</i>
2004		
April	18.15	14.55
May	15.00	12.85
June	14.85	13.60
July	14.55	13.65
August	14.60	12.65
September	14.80	13.75
October	14.85	14.05
November	15.90	14.65
December	16.75	15.40
2005		
January	17.35	16.00
February	18.00	17.15
March	17.95	16.05

10. SHARE REPURCHASES

No repurchases has been made by the Company of its Shares in the last six months prior to the Latest Practicable Date.

The followings are the biographical details of Mr. Cai Lai Xing, Mr. Qu Ding, Mr. Lu Ming Fang, Mr. Yao Fang, Mr. Tang Jun and Dr. Lo Ka Shui, all of whom shall retire at the Annual General Meeting in accordance with Articles 92 and 101 of the articles of association of the Company and being eligible, have offered themselves for re-election.

Mr. CAI Lai Xing, aged 62, was appointed Chairman of the Company in March 1996. He is the Chairman of Shanghai Industrial Investment (Holdings) Co. Ltd. and is also a director of Semiconductor Manufacturing International Corporation. He graduated from Tongji University. He was formerly a Deputy Secretary of the Shanghai Municipal Government and was responsible for economic work such as planning, finance and research. In addition, he was also Deputy Director of the Shanghai Planning Committee and Pudong Development Office, and a Director of the Municipal Government's Research Office. He has decades of experience in economics, finance and enterprise management, and in 1988, in recognition of his outstanding contribution, was accredited as a State-Class Economist. Mr. Cai is presently a member of the National Committee of the Chinese People's Political Consultative Conference.

As at the Latest Practicable Date, Mr. Cai has no relationship with any Directors, senior management or substantial or controlling Shareholders of the Company and has a personal interest in 4,000,000 Shares. Save as aforesaid, he has no other interests in the Shares within the meaning of Part XV of the SFO. Mr. Cai has a service agreement with the Company commencing 1st January 2005, which shall be terminated by either party giving to the other by six months' prior written notice. He is entitled to receive a basic salary of approximately HK\$3,691,190.00 annually. In addition, he may receive a discretionary bonus payment subject to the absolute discretion of the Company having regard to the operating results of the Group and his performance. The Director's emoluments are determined by reference to the factors such as the Company's operating performance, prevailing market conditions and job responsibilities.

Mr. QU Ding, aged 55, was appointed Vice Chairman of the Company in August 2004. He joined Shanghai Industrial Investment (Holdings) Co. Ltd. ("SIIC") in January 1996. He is an executive director and executive vice president of SIIC. He graduated from Northeast Normal University, majored in Economic Management. Mr. Qu is designated an economist. He was the Director of the Department of International Exchange & Cooperation of Shanghai Municipal Personnel Bureau, Director of Shanghai Municipal Professional Examinations Centre and Director of the Public Officials Training Centre of Shanghai Municipal Personnel Bureau. Mr. Qu has over 30 years' experience in the fields of human resources and economic management.

As at the Latest Practicable Date, Mr. Qu has no relationship with any Directors, senior management or substantial or controlling Shareholders of the Company and has a personal interest in 750,000 Shares and share options of 500,000 Shares. Save as aforesaid, he has no other interests in the Shares within the meaning of Part XV of the SFO. Mr. Qu has a service

agreement with the Company for a term of three years commencing 28th August 2004, which shall be terminated by either party giving to the other by six months' prior written notice. He is entitled to receive a basic salary of approximately HK\$2,720,205.00 annually. In addition, he may receive a discretionary bonus payment subject to the absolute discretion of the Company having regard to the operating results of the Group and his performance. The Director's emoluments are determined by reference to the factors such as the Company's operating performance, prevailing market conditions and job responsibilities.

Mr. LU Ming Fang, aged 48, was appointed an Executive Director and Chief Executive Officer of the Company in January 2002. He is a vice president of Shanghai Industrial Investment (Holdings) Co. Ltd. ("SIIC") and is the chairman of S.I. Pharmaceuticals Group Ltd., Shanghai Sunway Biotech Co. Ltd. and Shanghai Hu-Ning Expressway (Shanghai Section) Co. Ltd., the vice chairman of General Water of China Co. Ltd., Shanghai Pudong International Container Terminals Ltd. and Lianhua Supermarket Holdings Co. Ltd. He is also a director of Shanghai Industrial United Holdings Co. Ltd. ("SI United") and Shanghai Information Investment Inc. He graduated from Fudan University with a master's degree in economics and The Chinese University of Hong Kong with a master's degree in professional accounting, and is designated a senior economist. Mr. Lu has worked for Shanghai Medical Materials Company, Shanghai Municipal Drug Administration, Shanghai Wen Hui Bao and Shanghai Wanguo Holdings Ltd. (now Shenyin & Wanguo Securities Co. Ltd.). He joined SIIC in July 1995. He was deputy general manager of the assets management department of SIIC, a director and executive deputy general manager of Shanghai S.I. Capital Co. Ltd., the managing director of SI United, the assistant president of SIIC and general manager of its planning and finance department. He has over 20 years of management experience, including over 10 years' working experience in investment banking and listed companies.

As at the Latest Practicable Date, Mr. Lu has no relationship with any Directors, senior management or substantial or controlling Shareholders of the Company and has a personal interest in 4,200,000 Shares. Save as aforesaid, he has no other interests in the Shares within the meaning of Part XV of the SFO. Mr. Lu has a service agreement with the Company commencing 1st January 2005, which shall be terminated by either party giving to the other by six months' prior written notice. He is entitled to receive a basic salary of approximately HK\$2,536,710.00 annually. In addition, he may receive a discretionary bonus payment subject to the absolute discretion of the Company having regard to the operating results of the Group and his performance. The Director's emoluments are determined by reference to the factors such as the Company's operating performance, prevailing market conditions and job responsibilities.

Mr. YAO Fang, aged 35, was appointed an Executive Director of the Company in May 2003. He is a director and general manager of SIIC Management (Shanghai) Ltd., the chairman of Shanghai Huizhong Automotive Manufacturing Co. Ltd., Shanghai Wanzhong Automotive Components Co. Ltd., vice chairman of Bright Dairy and Food Co. Ltd. and director of Shanghai Industrial United Holdings Co. Ltd., Shanghai Hu-Ning Expressway (Shanghai Section) Co. Ltd., Jinhua Jinyong Expressway Construction & Investment Co. Ltd. and Shanghai Information Investment Inc. He also is a director of Shanghai Industrial Development Co. Ltd. and an alternate director of Semiconductor Manufacturing International Corporation. He graduated from The Chinese University of Hong Kong with a master's degree in business administration. After working for Bank of Communications (Shanghai branch) and Shanghai Wanguo Holdings Ltd. (now Shenyin & Wanguo Securities Co. Ltd.), Mr. Yao joined Shanghai Industrial Investment (Holdings) Co. Ltd. in April 1996. He has over 10 years' experience in money and capital markets operations.

As at the Latest Practicable Date, Mr. Yao has no relationship with any Directors, senior management or substantial or controlling Shareholders of the Company and has no interest in the Company within the meaning of Part XV of the SFO. Mr. Yao has a service agreement with the Company for a term of three years commencing 7th May 2003, which shall be terminated by either party giving to the other by six months' prior written notice. He is entitled to receive a basic salary of HK\$200,000.00 annually. The Director's emoluments are determined by reference to the factors such as the Company's operating performance and job responsibilities.

Mr. TANG Jun, aged 38, was appointed an Executive Director of the Company in August 2004. He graduated from the Chinese Communist Party School, majored in economics and management. Mr. Tang holds the designation of auditors, and is an Associate of the Chinese Institute of Certified Public Accountants. Mr. Tang was Vice Director of the Foreign Funds Utilization Auditing Department, Shanghai Municipal Auditing Bureau, and has over ten years' practical experience in the fields of auditing and finance.

As at the Latest Practicable Date, Mr. Tang has no relationship with any Directors, senior management or substantial or controlling Shareholders of the Company and has no interest in the Company within the meaning of Part XV of the SFO. Mr. Tang has a service agreement with the Company for a term of three years commencing 12th June 2004, which shall be terminated by either party giving to the other by six months' prior written notice. He is entitled to receive a basic salary of HK\$200,000.00 annually. The Director's emoluments are determined by reference to the factors such as the Company's operating performance and job responsibilities.

Dr. LO Ka Shui, aged 58, was appointed an Independent Non-executive Director of the Company in March 1996. He graduated with Bachelor of Science Degree from McGill University and a M. D. from Cornell University. He is also certified in Cardiology. He has more than 25 years' experience in property and hotel development and investment both in Hong Kong and overseas. Dr. Lo is the Deputy Chairman and Managing Director of Great Eagle Holdings Limited, and a Non-executive Director of The Hongkong and Shanghai Banking Corporation Limited, Phoenix Satellite Television Holdings Limited and China Mobile (Hong Kong) Limited. He is also a Vice President of The Real Estate Developers Association of Hong Kong, a Trustee of the Hong Kong Centre for Economic Research and a Board Member of the Airport Authority. He is also a Director of Hong Kong Exchanges and Clearing Limited, and had served as Chairman of the Listing Committee for the Main Board and the Growth Enterprise Market.

As at the Latest Practicable Date, Dr. Lo has no relationship with any Directors, senior management or substantial or controlling Shareholders of the Company and has no interest in the Company within the meaning of Part XV of the SFO. His appointment as an Independent Non-executive Director of the Company shall continue for a term of three years until 31st December 2007 subject to the provisions of the Company's articles of association or any other applicable laws. For the year ended 31st December 2004, Dr. Lo received from the Company a director's fee of HK\$206,450.00. The Director's fee is determined by reference to the industry benchmark as reviewed by the Board from time to time.

Save as disclosed above, the Board is not aware of any other matters that it considers necessary to be brought to the attention of the holders of the securities of the Company in respect of the proposed re-election of retiring Directors.