THE SUPPLEMENTAL AGREEMENT TO THE OPERATING-LICENSE AGREEMENT

Date: 13th June, 2006

Parties

(1) Shanghai Municipal Engineering Bureau (上海市政府工程局) and
(2) Shanghai Hu-Ning Expressway Company, a wholly-owned subsidiary of the Company

The Agreement

Shanghai Hu-Ning Expressway Company has appointed Shanghai Public Road Construction Company, a wholly-owned subsidiary of Shanghai Public Road Construction Company. Upon the expiry of the appointment of Shanghai Public Road Construction Company, any actual amount of capital required for the construction project exceeds the capital commitment by Shanghai Hu-Ning Expressway Company. Under the Supplemental Agreement, it is agreed that the construction work for the widening and alteration of A11 Expressway shall be completed by the end of 2006. The widening and alteration construction of A11 Expressway shall be carried out by a party designated by Shanghai Municipal Engineering Bureau. Shanghai Hu-Ning Expressway Company shall be responsible for having toll fees collected in the widening and alteration of A11 Expressway by performing its obligations under the agreement in respect of the construction project with the party designated by Shanghai Municipal Engineering Bureau.

The widening and alteration construction of A11 Expressway includes but not limited to the following work:

(i) preliminary approval formalities for the planning and design of the construction project;
(ii) approval formalities for the requisition of land and planning permit;
(iii) coordination of the land-use plans and planning permit;
(iv) design and survey;
(v) construction of the widening and alteration construction of A11 Expressway including but not limited to the following work:
(vi) design and construction of road pavement;
(vii) entering into contracts with relevant parties in respect of the construction project;
(viii) coordination and supervision of construction maps;
(ix) engineering, supervision and quality assurance of the widening and alteration of A11 Expressway;

The capital contribution by Shanghai Hu-Ning Expressway Company shall be paid according to the following schedule:

<table>
<thead>
<tr>
<th>Percentage of the total capital commitment</th>
<th>Date</th>
</tr>
</thead>
<tbody>
<tr>
<td>20%</td>
<td>by 30th June, 2006</td>
</tr>
<tr>
<td>15%</td>
<td>by 31st March, 2007</td>
</tr>
<tr>
<td>15%</td>
<td>by 30th June, 2008</td>
</tr>
<tr>
<td>15%</td>
<td>by 31st March, 2008</td>
</tr>
<tr>
<td>20%</td>
<td>by 30th June, 2009</td>
</tr>
</tbody>
</table>

The amount of capital commitment was determined with reference to an approval document issued by the Ministry of Construction. The Board considers that the terms of the Supplemental Agreement to the Operating-License Agreement, the Widening Construction Agreement and the Toll Management Agreement are fair and reasonable so far as the Company and the Shareholders are concerned and as the interests of the Shareholders as a whole.

INFORMATION ON A11 EXPRESSWAY

The A11 Expressway is approximately 26 kilometers long, beginning at the crossroad of Wuning Road and Daduhe Road, Shanghai Municipal Engineering Bureau, and ending at Zhangzhou, Kunshan City, Jiangsu Province, through Pudong District, Jiading District, Minhang District and Qiao District. It is presently a dual four-lane road.

Shanghai Hu-Ning Expressway Company holds the right to operate A11 Expressway. The net profits attributable to the operation of A11 Expressway shall be distributed to the Company before and after taxation and extraordinary items for the years ended 31st March 2005 in accordance with the generally accepted accounting principles in the PRC as follows:

Net profit for the years ended
<table>
<thead>
<tr>
<th>Date</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>31st December, 2004</td>
<td>RMB130.7 million (equivalent to approximately HK$125.7 million)</td>
</tr>
<tr>
<td>31st December, 2005</td>
<td>RMB136.29 million (equivalent to approximately HK$131.95 million)</td>
</tr>
</tbody>
</table>

DEFINITIONS

"A11 Expressway" the Shanghai-Nanjing Expressway (Shanghai Section)
"Company" Shanghai Industrial Holdings Limited, a company incorporated in Hong Kong with limited liability, whose shares are listed on the board of the Stock Exchange.
"Directors" the board of directors of the Company.
"Group" the Company and its subsidiaries.
"INFORMATION ON A11 EXPRESSWAY" the agreed date for the completion of A11 Expressway.
"Operating Licence Agreement" the agreement dated 20th October, 2003 between Shanghai Hu-Ning Expressway Company and the Ministry of Construction.
"PRC" the People's Republic of China (excluding Hong Kong, Macau and Taiwan for the purpose of this announcement).
"rebates" the widening and alteration construction of A11 Expressway.
"Toll Management Agreement" the agreement entered into by Shanghai Hu-Ning Expressway Company and Shanghai Public Road Construction Company.
"Widening Construction Agreement" the agreement entered into by Shanghai Hu-Ning Expressway Company and Shanghai Public Road Construction Company.