The board of Directors of the Company announces that on 13th October 2006, the board of directors of SI United, a subsidiary of the Company, agreed to provide guarantee for a bank loan of RMB20,000,000,000 to be made available to Guangdong Techpool. SI United had also provided guarantee in favour of a bank on 30th March 2006 in respect of a bank loan of Guangdong Techpool in the amount of RMB10,000,000.

Guangdong Techpool is an indirect non wholly-owned subsidiary of the Company. One of Guangdong Techpool's directors together with his associate hold 39.1785% equity interest in Guangdong Techpool. Guangdong Techpool is thus a connected person of the Company within the meaning of the Listing Rules by virtue of the above. Accordingly, the financial assistance provided by SI United to Guangdong Techpool by way of provision of guarantees in respect of certain bank loans constitutes connected transactions for the Company under Rule 14A.13(2)(a)(i) of the Listing Rules.

As the relevant percentage ratios represented by such aggregate amount of the Guarantees exceed 0.1% but are less than 2.5% as determined in accordance with Rule 14A.66(2)(a) of the Listing Rules, the provision of financial assistance is exempt from the independent shareholders’ approval requirements but is subject to the reporting and announcement requirements set out in Rules 14A.45 to 14A.47 of the Listing Rules.

**PROVISION OF FINANCIAL ASSISTANCE**

The board of Directors of Shanghai Industrial Holdings Limited (the “Company”) announces that on 13th October 2006, the board of directors of Shanghai Industrial United Holdings Co., Ltd. (“SI United”), a subsidiary of the Company, agreed to provide guarantee in favour of Bank of Communications, Guangzhou Dongshan Branch (“BOC”) in respect of a bank loan in the amount of RMB20,000,000 to be made available to Guangdong Techpool. SI United had also provided guarantee in favour of a bank on 30th March 2006 in respect of a bank loan of Guangdong Techpool in the amount of RMB10,000,000.

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CONNECTED TRANSACTIONS

Guangdong Techpool is an indirect non-wholly-owned subsidiary of the Company. One of Guangdong Techpool’s directors together with his associate hold 39.1785% equity interest in Guangdong Techpool. Guangdong Techpool is thus a connected person of the Company within the meaning of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “Listing Rules”) by virtue of the above. Accordingly, the financial assistance provided by SI United to Guangdong Techpool by way of provision of the Guarantees in respect of the Bank Loans constitutes connected transactions for the Company under Rule 14A.13(2)(a)(i) of the Listing Rules. To the best knowledge of the Company, the Banks are parties independent of and not connected with the Directors, chief executive and substantial shareholders of the Company and its subsidiaries and their respective associates.

As the relevant percentage ratios represented by such aggregate amount of the Guarantees exceed 0.1% but are less than 2.5% as determined in accordance with Rule 14A.66(2)(a) of the Listing Rules, the provision of financial assistance is exempt from the independent shareholders’ approval requirements but is subject to the reporting and announcement requirements set out in Rules 14A.45 to 14A.47 of the Listing Rules.

GENERAL

The Company and its subsidiaries are principally engaged in the business of infrastructure facilities, medicine, consumer products and information technology.

Guangdong Techpool is engaged in research, development, manufacture and sale of bio-pharmaceutical products.

By Order of the Board
Shanghai Industrial Holdings Limited
Wong Mei Ling, Marina
Company Secretary

Hong Kong, 13th October 2006

As at the date of this announcement, the board of Directors of the Company comprises eight executive Directors, namely, Mr. CAI Lai Xing, Mr. CAI Yu Tian, Mr. QU Ding, Mr. LU Ming Fang, Mr. DING Zhong De, Mr. QIAN Shi Zheng, Mr. YAO Fang and Mr. TANG Jun; and three independent non-executive Directors, namely, Dr. LO Ka Shui, Prof. WOO Chia-Wei and Mr. LEUNG Pak To, Francis.

Please also refer to the published version of this announcement in South China Morning Post.