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(Incorporated in Hong Kong with limited liability)

(Stock Code: 363)

Continuing Connected Transactions
in relation to
Tenancy Agreements and Licence Agreements

The Board announces the following:

- (i) on 15th July 2009, the Company as the tenant/licensee entered into the New Harcourt Tenancy Agreement and the New Harcourt Licence Agreement with International Hope as the landlord/licensor in respect of the lease of the Harcourt House Office and the licence of the Harcourt House Car Parking Spaces respectively;
- (ii) on 30th June 2009, the Company as the licensee entered into the New Sky Tower Licence Agreement with Tien Chu HK as the licensor in respect of the licence of the Sky Tower Car Parking Space;
- (iii) on 21st April 2009, SIIC Management, a wholly-owned subsidiary of the Company, as the tenant entered into the New Golden Bell Tenancy Agreement with SIIC Shanghai as the landlord in respect of the lease of the Golden Bell Plaza Office; and
- (iv) on 29th April 2009, SI Infrastructure, a wholly-owned subsidiary of the Company, as the tenant entered into the Gaoyou Road Tenancy Agreement with SIIC Shanghai office as the landlord in respect of the lease of the Gaoyou Road Office.

The total estimated maximum annual licence fees and rent together with the management fees etc. payable under the Agreements for the term of the Agreements amounts to approximately HK\$17,800,000.

SIIC is the controlling shareholder of the Company holding approximately 50.82% interest in the entire issued capital of the Company, and SIIC Shanghai, International Hope and Tien Chu HK are wholly-owned subsidiaries of SIIC. Hence, all of them are connected persons of the Company and the transactions contemplated under the Agreements constitute continuing connected transactions of the Company.

As the Agreements were entered into by the Group with parties connected within a 12-month period, the respective transaction amount of the Agreements shall be aggregated in accordance with Rule 14A.25 of the Listing Rules. As each of the applicable percentage ratios (other than profits ratio) for the estimated annual cap calculated in accordance with the Listing Rules is less than 2.5%, the Agreements are exempt from independent shareholders' approval requirement in accordance with Rule 14A.34(1) of the Listing Rules and are only subject to reporting and announcement requirements in accordance with Rule 14A.45 to 14A.47 of the Listing Rules.

THE AGREEMENTS

(i) New Harcourt Tenancy Agreement and New Harcourt Licence Agreement

As the Original Harcourt Agreements expired, the Company as the tenant/licensee entered into the New Harcourt Tenancy Agreement and the New Harcourt Licence Agreement with International Hope as the landlord/licensor on 15th July 2009 in respect of the lease of Harcourt House Office and the licence of the Harcourt House Car Parking Spaces respectively, both for a term of two years commencing 1st July 2009. The Harcourt House Office with the leased area representing a total saleable area of approximately 19,901 sq. ft. (1,848.84 sq.m.) is the existing office premises of the Company.

The monthly rent under the New Harcourt Tenancy Agreement is HK\$720,000 (exclusive of rates, management fee and air-conditioning charges), which was determined by the parties to the agreements on arm's length basis and with reference to the market rent of Harcourt House Office appraised by DTZ Debenham Tie Leung Limited, an independent valuer on 16th June 2009. The existing monthly management fee and air-conditioning charges payable by the Company through SIIC amount to approximately HK\$90,000.

The monthly licence fee under the New Harcourt Licence Agreement is HK\$16,800, which was determined by the parties to the agreement on arm's length basis and with reference to the monthly licence fee of car parking spaces available at Harcourt House offered by independent third parties.

(ii) New Sky Tower Licence Agreement

As the Original Sky Tower Licence Agreement expired, the Company as the licensee entered into the New Sky Tower Licence Agreement with Tien Chu HK as the licensor on 30th June 2009 in respect of the Sky Tower Car Parking Space for a term of two years commencing 1st January 2009 at a monthly licence fee of HK\$2,200, which was determined by the parties to the agreement on arm's length basis and with reference to the monthly licence fee of car parking spaces available at Sky Tower offered by independent third parties.

(iii) New Golden Bell Tenancy Agreement

As the Original Golden Bell Tenancy Agreement expired, SIIC Management, a wholly-owned subsidiary of the Company, as the tenant entered into the New Golden Bell Tenancy Agreement with SIIC Shanghai as the landlord on 21st April 2009 in respect of the lease of Golden Bell Plaza Office for a term of two years commencing 1st May 2009. Golden Bell Plaza Office with a total gross floor area of approximately 2,092.05 sq.m. is the existing office premises of the Company's Shanghai regional headquarters.

The monthly rent payable under the New Golden Bell Tenancy Agreement amounts to approximately RMB376,569 (equivalent to approximately HK\$427,725), exclusive of water, electricity, telephone charges and management fee. It was determined by the parties to the agreement on arm's length basis and with reference to the market rent of Golden Bell Plaza Office appraised by DTZ Debenham Tie Leung Limited on 28th April 2009. The existing monthly management fee payable to SIIC Shanghai by SIIC Management amounts to approximately RMB56,000 (equivalent to approximately HK\$63,600).

(iv) Gaoyou Road Tenancy Agreement

SI Infrastructure, a wholly-owned subsidiary of the Company, as the tenant entered into a Gaoyou Road Tenancy Agreement with SIIC Shanghai office as the landlord as of 29th April 2009 in respect of the lease of Gaoyou Road Office for a term of two years commencing 1st May 2009. Gaoyou Road Office with a total gross floor area of approximately 819.48 sq.m. is the office premises of the Company's infrastructure business headquarters.

The monthly rent payable under the Gaoyou Road Tenancy Agreement amounts to approximately RMB125,000 (equivalent to approximately HK\$141,980), exclusive of water, electricity, telephone charges and management fee. It was determined by the parties to the agreement on arm's length basis and with reference to the market rent of Golden Bell Plaza Office appraised by DTZ Debenham Tie Leung Limited on 29th April 2009.

CONTINUING CONNECTED TRANSACTIONS

SIIC is a controlling shareholder of the Company holding approximately 50.82% interest in the entire issued capital of the Company, and SIIC Shanghai, International Hope and Tien Chu HK are wholly-owned subsidiaries of SIIC. Hence, all of them are connected persons of the Company and the transactions contemplated under the Agreements constitute continuing connected transactions of the Company. As the Agreements were entered into by the Group with parties connected within a 12-month period, the respective transaction amount of the Agreements shall be aggregated in accordance with Rule 14A.25 of the Listing Rules.

ANNUAL CAPS

The aggregate annual rent and licence fees together with the existing management fees etc. payable by the Group under the New Harcourt Tenancy Agreement, the New Golden Bell Tenancy Agreement, the Gaoyou Road Tenancy Agreement, the New Harcourt Licence Agreement and the New Sky Tower Licence Agreement are as follows:

	<u>2009</u> <i>HKD</i>	<u>2010</u> <i>HKD</i>	<u>2010</u> <i>HKD</i>
(i) Harcourt House Office	4,860,000	9,720,000	4,860,000
(ii) Golden Bell Plaza Office	3,930,659	5,895,988	1,965,329
(iii) Gaoyou Road Office	1,135,847	1,703,771	567,924
(iv) Harcourt House Car Parking Spaces	100,800	201,600	100,800
(v) Sky Tower Car Parking Spaces	26,400	26,400	-
	<u>10,053,706</u>	<u>17,547,759</u>	<u>7,494,053</u>

Based on the above calculation and in view of the management fees and air-conditioning charges payable under the New Harcourt Tenancy Agreement and the New Golden Bell Tenancy Agreement that may or may not be changed during the term of the agreements, it is estimated that the annual caps for the rent, management fees and licence fees for the relevant financial years ending 31st December 2010 will be approximately HK\$10,200,000, HK\$17,800,000 and HK\$7,600,000 respectively.

As each of the applicable percentage ratios (other than profits ratio) for the estimated annual cap calculated in accordance with the Listing Rules is less than 2.5%, the Agreements are exempt from independent shareholders' approval requirement in accordance with Rule 14A.34(1) of the Listing Rules and are only subject to reporting and announcement requirements in accordance with Rule 14A.45 to 14A.47 of the Listing Rules. Details of the Agreements will be included in the Company's next and subsequent published annual reports and accounts for the financial years during which the transactions persist.

REASONS FOR THE TRANSACTIONS

The Harcourt House Office, the Golden Bell Plaza Office and the Gaoyou Road Office are the office premises of the Company and its Shanghai regional office and infrastructure business headquarters respectively. The above office premises and car parking spaces are rented/licenced as to the practical business needs of the Group. By renewing the tenancy of the Harcourt House Office and the Golden Bell Plaza Office, the Group can avoid incurring removal fees, renovation fees and all other incidental cost and expenses for moving into new office premises.

The Directors (including the Independent Non-Executive Directors) considers that the Agreements are on normal commercial terms and are fair and reasonable and that the transactions are in the interests of the shareholders of the Company as a whole.

GENERAL INFORMATION

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

SIIC Shanghai, International Hope and Tien Chu HK are wholly-owned subsidiaries of SIIC. The principal business activities of SIIC Shanghai are investment holding and property investment. The principal business activities of International Hope are property investment. The principal business activities of Tien Chu HK are property investment, manufacture and sale of food seasoning and chemical products.

DEFINITIONS

Unless the context otherwise requires, the following terms shall have the meanings set out below:

“Agreements”	the New Harcourt Tenancy Agreement, the New Harcourt Licence Agreement, the New Sky Tower Licence Agreement, the New Golden Bell Tenancy Agreement and Gaoyou Road Tenancy Agreement
“Board”	the board of Directors
“Company”	Shanghai Industrial Holdings Limited, a company incorporated in Hong Kong, the shares of which are listed on the Main Board of the Stock Exchange
“connected persons”	has the meaning ascribed thereto under the Listing Rules
“Directors”	the directors of the Company
“Gaoyou Road Office”	the property situate at Unit Nos. 6 and 7, No. 16 Gaoyou Road, Xuhui District, Shanghai
“Golden Bell Plaza Office”	the property situate at Unit Nos. 2101 and 2102 on Level 21, Unit No. 2201 on Level 22 and Unit No. 2401 on Level 24, Diamond Building, Golden Bell Plaza, 98 Huaihai Central Road, Luwan District, Shanghai
“Group”	the Company and its subsidiaries

“Harcourt House Office”	the property situate at the whole of 26th Floor and a portion of 27th Floor of Harcourt House, 39 Gloucester Road, Wanchai, Hong Kong
“Harcourt House Car Parking Spaces”	four car parking spaces nos. 16, 17, 35 and 36 on the second floor of Harcourt House, 39 Gloucester Road, Wanchai, Hong Kong
“Hong Kong”	Hong Kong Special Administrative Region
“International Hope”	International Hope Limited, a company incorporated in Hong Kong with limited liability
“Listing Rules”	Rules Governing the Listing of Securities on the Stock Exchange
“New Harcourt Licence Agreement”	the licence agreement dated 15th July 2009 entered into between the Company as the licensee and International Hope as the licensor in relation to the licence of the Harcourt House Car Parking Spaces
“New Harcourt Tenancy Agreement”	the tenancy agreement dated 15th July 2009 entered into between the Company as the tenant and International Hope as the landlord in relation to the lease of the Harcourt House Office
“New Golden Bell Tenancy Agreement”	the tenancy agreement dated 21st April 2009 entered into between SIIC Management as the tenant with SIIC Shanghai as the landlord in relation to the lease of the Golden Bell Plaza Office
“New Sky Tower Licence Agreement”	The licence agreement dated 30th June 2009 entered into between the Company as the licensee and Tien Chu HK as the licensor in respect of the licence of the Sky Tower Car Parking Space
“Original Harcourt Agreements”	the tenancy agreement and the licence agreement both dated 5th July 2007 entered into between the Company as the tenant/licensee and SIIC as the landlord/licensor in relation to the lease of the Harcourt House Office and the licence of the Harcourt House Car Parking Spaces respectively both for a term of two years ended on 30th June 2009

“Original Golden Bell Tenancy Agreement”	the tenancy agreement dated 22nd April 2007 entered into between SIIC Management as the tenant and SIIC Shanghai as the landlord in relation to the lease of the Golden Bell Plaza Office for a term of two years ended on 30th April 2009
“Original Sky Tower Licence Agreement”	The licence agreement dated 5th July 2007 entered into between the Company as the licensee and Tien Chu HK as the licensor in respect of the licence of the Sky Tower Car Parking Space for a term of two years ended 31st December 2008
“PRC”	the People’s Republic of China
“SIIC”	Shanghai Industrial Investment (Holdings) Company Limited, a company incorporated in Hong Kong with limited liability
“SIIC Management”	SIIC Management (Shanghai) Co. Ltd. (上實管理(上海)有限公司), a company incorporated in the PRC with and a wholly-owned subsidiary of the Company
“SIIC Shanghai”	SIIC Shanghai (Holdings) Co. Ltd. (上海上實(集團)有限公司), a company incorporated in the PRC
“S.I. Infrastructure”	S.I. Infrastructure Holdings Limited 上實基建控股有限公司, a company incorporated in the British Virgin Islands with limited liability and a wholly-owned subsidiary of the Company
“Sky Tower Car Parking Space”	A car parking space no. R17 of the ground floor of the Sky Tower, 38 Sung Wong Toi Road, Tokwawan, Kowloon, Hong Kong
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Tien Chu HK”	The Tien Chu (H.K.) Co. Ltd., a company incorporated in Hong Kong with limited liability
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“RMB”	Renminbi, the lawful currency of the PRC

For the purposes of this announcement, the exchange rate of HK\$1.00 = RMB0.8804 has been used, where applicable, for purpose of illustration only and does not constitute a representation that any amounts has been, could have been or may be exchanged at any particular rate on the date or dates in question or any other date.

By Order of the Board
Shanghai Industrial Holdings Limited
Leung Lin Cheong
Company Secretary

Hong Kong, 16th July 2009

As at the date of this announcement, the Board is comprised of:

Executive Directors:

*Mr. Teng Yi Long, Mr. Cai Yu Tian, Mr. Lu Ming Fang, Mr. Ding Zhong De, Mr. Zhou Jie,
Mr. Qian Shi Zheng, Mr. Yao Fang and Mr. Zhou Jun*

Independent Non-Executive Directors:

Dr. Lo Ka Shui, Prof. Woo Chia-Wei and Mr. Leung Pak To, Francis