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*(Incorporated in Hong Kong with limited liability)*

**(Stock Code: 363)**

## **DISCLOSEABLE AND CONNECTED TRANSACTION**

### **ACQUISITION OF THE ENTIRE ISSUED SHARE CAPITAL OF AND SHAREHOLDER'S LOAN TO S.I. SHEN-YU DEVELOPMENT LIMITED**

On 8th December 2009, SI Infrastructure, a wholly-owned subsidiary of the Company, entered into the Acquisition Agreement with SIIC CM and SIIC pursuant to which SI Infrastructure has conditionally agreed to acquire the Shen-Yu Sale Share from SIIC CM and to take an assignment of the Shen-Yu Sale Loan from SIIC CM at an aggregate consideration of RMB1,222,000,000 (equivalent to approximately HK\$1,388,005,000) which shall be payable in cash. The Shen-Yu Sale Share represents the entire issued share capital in Shen-Yu which will, upon completion of the Equity Transfer Agreements, through its subsidiary, HK Holdco, holds the entire equity interest in the Project Company, which in turn owns the Concession.

The Acquisition constitutes a discloseable transaction of the Company under the Listing Rules as the consideration ratio calculated pursuant to Rule 14.07 of the Listing Rules exceeds 5% but is below 25%. As SIIC CM is a wholly-owned subsidiary of SIIC, the controlling shareholder of the Company, SIIC CM is a connected person of the Company and the Acquisition also constitutes a connected transaction of the Company under the Listing Rules and is subject to the reporting, announcement and independent shareholders' approval requirements under the Listing Rules.

The Independent Board Committee has been established by the Board to advise the Independent Shareholders on the reasonableness and fairness of the Acquisition. An independent financial adviser has been appointed by the Company to provide its opinion to the Independent Board Committee and the Independent Shareholders in respect of the Acquisition.

A circular containing further details relating to the Acquisition, the advice of the independent financial adviser to the Independent Board Committee and the Independent Shareholders, the recommendation of the Independent Board Committee to the Independent Shareholders in respect

of the Acquisition, the notice convening the EGM and other information as required under the Listing Rules, will be dispatched to the Shareholders as soon as practicable.

## **THE ACQUISITION AGREEMENT**

### **Date**

8th December 2009

### **Parties**

Vendor: SIIC CM

Purchaser: SI Infrastructure

Guarantor: SIIC

### **Asset to be acquired**

Subject to the terms and conditions of the Acquisition Agreement, SI Infrastructure has conditionally agreed to:

1. acquire the Shen-Yu Sale Share; and
2. take an assignment of all the benefits and interest of and in the Shen-Yu Sale Loan,

free from all lien, charges, security interests, encumbrances, adverse claims, third party rights, adverse interests and equities of any kind whatsoever.

The Shen-Yu Sale Share represents the entire issued share capital of Shen-Yu. The Shen-Yu Sale Loan comprises the entire amount owing by Shen-Yu to SIIC CM and outstanding as at the date of Completion, which shall be HK\$1,388,005,444 .

Shen-Yu was set-up by SIIC through its wholly-owned subsidiary, SIIC CM for the holding of interest in HK Holdco, which in turn was set up for the acquisition and holding of interest in the Project Company.

### **Consideration**

The Consideration amounts to RMB1,222,000,000 (equivalent to approximately HK\$1,388,005,000) in total of which:

- (1) an amount equivalent to HK\$8 is the consideration for the sale and purchase of the Shen-Yu Sale Share (the “Share Consideration”); and

- (2) the balance of the Consideration is the consideration for the sale and purchase of the Shen-Yu Sale Loan (the “Loan Consideration”).

The Consideration shall be payable by SI Infrastructure to SIIC CM in cash in Hong Kong dollars as follows:

- (1) as to half of the Consideration (being RMB611,000,000 (equivalent to HK\$694,003,000)), upon Completion; and
- (2) as to the remaining half of the Consideration, on or before the date falling nine months after the date of Completion (or such other later date as SIIC CM, SI Infrastructure and SIIC may agree in writing).

The Consideration was determined following arm’s length negotiations between SIIC CM and SI Infrastructure by reference to the valuation of the Hu-Yu Expressway (Shanghai Section) as at 31st August 2009 of approximately RMB3,015,000,000 as determined by DTZ Debenham Tie Leung Limited, an independent valuer, based on the income method. The net asset value of the Project Company as at 31st August 2009 of RMB1,169,294,000 as adjusted by adding thereto an amount representing the excess of the aforesaid valuation over the intangible asset value as at 31st August 2009 and after taking into account of the deferred tax liability in respect of such excess (the amount to the net asset value amounted to approximately RMB52,898,000) amounts to approximately RMB1,222,192,000 (equivalent to approximately HK\$1,388,224,000). The Consideration is basically in line with the adjusted net asset value mentioned above. The Consideration will be financed by the internal resources of the Group.

The Board is aware that such valuation is regarded as a profit forecast of the Group under Rule 14.61 of the Listing Rules. The Company has applied to the Stock Exchange for a waiver from strict compliance with the requirements of Rule 14A.56(8) of the Listing Rules and will fully comply with Rule 14.62 of the Listing Rules. The valuation report on the Hu-Yu Expressway (Shanghai Section) will be included in the circular to be dispatched to the Shareholders.

## **Conditions**

Completion is conditional upon the fulfillment or (where relevant) waiver of the following conditions:

- (a) approval by the Independent Shareholders of the Acquisition Agreement and the transactions contemplated thereunder at a general meeting of the Company;
- (b) completion of a due diligence investigation by SI Infrastructure in respect of the Shen-Yu Group, including without limitation, its state of affairs, assets and liabilities, legal and financial position and business operations to the satisfaction of SI Infrastructure;
- (c) SI Infrastructure having obtained PRC legal opinions on such issues and matters of laws and requirements in the PRC as SI Infrastructure may in its sole opinion consider to be relevant to

the Project Company, the Concession, the Transfer, the Acquisition Agreement, the Equity Transfer Agreements, the Compensation Agreement and the transactions contemplated under the Acquisition Agreement, and the Equity Transfer Agreements and the Compensation Agreement, in such form and substance satisfactory to S.I. Infrastructure;

- (d) there having been no breach of any of the representations, warranties and undertakings given by SIIC and/or SIIC CM to SI Infrastructure under the Acquisition Agreement in any respect;
- (e) the obtaining of all consents, permits, approvals, authorizations and waivers necessary or appropriate for the entering into and consummation of the transactions contemplated by the Acquisition Agreement;
- (f) the Concession Contract remaining in full force and effect and not being terminated; and
- (g) the Equity Transfer Agreements having become effective and having been completed and the Transfer has been effected in accordance with the terms of the Equity Transfer Agreements and SI Infrastructure having received all such documentation and proof evidencing such completion and Transfer to its satisfaction.

If the conditions have not been fulfilled or waived by the relevant parties to the Acquisition Agreement in accordance with the terms thereof (save that the condition set out in (a) cannot be waived) on or before 30th September 2010 or such later date as the parties to the Acquisition Agreement may agree (except the conditions set out in (d) and (f) which shall be fulfilled simultaneously upon Completion), the Acquisition Agreement shall lapse and be of no further effect and thereafter all rights, obligations and liabilities of all parties therein shall cease and terminate except for antecedent breach.

#### **Purchaser's right to rescind the Acquisition Agreement**

SI Infrastructure may on or before the Completion Date in its absolute discretion by notice in writing to SIIC CM terminate the Acquisition Agreement forthwith if at any time prior to Completion:

- (a) the Concession is being suspended, revoked or otherwise not available to the Project Company; or
- (b) SIIC CM commits any breach of or omits to observe any of its obligations or undertakings under the Acquisition Agreement; or
- (c) any creditor makes a valid demand for repayment or payment of any indebtedness of any member of the Shen-Yu Group or in respect of which any member of the Shen-Yu Group is liable prior to its stated maturity which demand can be expected to have a Material Adverse Change (or Effect); or
- (d) SIIC CM fails to observe certain provisions in the Acquisition Agreement relating to the conduct of the business of the Shen-Yu Group prior to Completion; or

- (e) any member of the Shen-Yu Group shall sustain any loss or damage which constitutes a Material Adverse Change (or Effect); or
- (f) any petition is presented for the winding up or liquidation of any member of the Shen-Yu Group or any member of the Shen-Yu Group makes any composition or arrangement with its creditors or enters into a scheme of the Shen-Yu Group or a provisional liquidator, receiver or manager is appointed over all or part of the assets or undertaking of any member of the Shen-Yu Group or anything analogous thereto occurs and has not been withdrawn within 14 days thereof in respect of any member of the Shen-Yu Group which can be expected to have a Material Adverse Change (or Effect).

## **Completion**

Completion shall take place on the third Business Day after all the conditions of the Acquisition Agreement have been satisfied or waived (as the case may be) or such other date as may be agreed in writing between SIIC CM and SI Infrastructure.

## **Guarantee**

SIIC entered into the Acquisition Agreement to, among other things, together with SIIC CM jointly and severally provide representations and warranties to SI Infrastructure in respect of the Shen-Yu Group, and guarantee the performance by SIIC CM of its obligations under the Acquisition Agreement.

## **INFORMATION ON SHEN-YU, PROJECT COMPANY AND THE CONCESSION**

Shen-Yu was incorporated in the BVI on 11th August 2009 and is wholly-owned by SIIC CM. As at the date of the Acquisition Agreement, Shen-Yu had no material assets other than its wholly-owned subsidiary, HK Holdco. The principal activity of Shen-Yu is the holding of the entire interest in the HK Holdco. According to the unaudited financial statements of Shen-Yu for the period from 11th August 2009 to 30th November 2009, the original subscription costs of interests in Shen-Yu to SIIC CM were HK\$8. As at the date of the Acquisition Agreement, the amount of shareholder's loan (which is non-interest bearing and repayable on demand) owed by Shen-Yu to SIIC CM was HK\$1,388,005,444.

HK Holdco was incorporated in Hong Kong on 25th August 2009 and is wholly-owned by Shen-Yu. As at the date of the Acquisition Agreement, HK Holdco had no material assets and its principal activity is the acquisition and holding of the entire equity capital of the Project Company. As at the date of the Acquisition Agreement, the amount of shareholder's loan (which is non-interest bearing and repayable on demand) owed by HK Holdco to Shen-Yu was HK\$1,388,005,451.

The Project Company is currently a 一人有限責任公司(法人獨資) (single person limited liability company (wholly-owned by legal person)) established in the PRC on 6th January 2009 with a registered share capital of RMB1,200,000,000 (equivalent to approximately HK\$1,363,017,000),

which was fully paid up. The entire equity capital in the Project Company is currently wholly-owned by SIIC Shanghai. SIIC Shanghai as vendor, SIIC as guarantor, HK Holdco as purchaser entered into the Equity Transfer Agreements whereby SIIC Shanghai has agreed to sell, and HK Holdco has agreed to purchase, the total equity interest in the Project Company at a total consideration of RMB1,222,000,000 (equivalent to approximately HK\$1,388,005,000), such consideration has not been paid as at the date of this announcement and is payable in cash of which RMB366,600,000 (equivalent to approximately HK\$416,402,000) is payable within 5 business days from the effective date of the Equity Transfer Agreements; a further RMB366,600,000 (equivalent to approximately HK\$416,402,000) is payable within 6 months from the date on which the foreign investment enterprise business licence of the Project Company is issued and the remaining RMB488,800,000 (equivalent to approximately HK\$555,202,000) is payable within 1 year from the effective date of the Equity Transfer Agreements. The Equity Transfer Agreements will become effective upon all the relevant government approvals as provided therein and the relevant assets. As at the date of this announcement, the application for approvals from the relevant PRC government authorities in respect of the Equity Transfer Agreements are in progress. Upon the Transfer is effected, the Project Company will become wholly-owned by HK Holdco. The principal activities of the Project Company are investment in and operation, repair and maintenance and construction of, the Hu-Yu Expressway (Shanghai Section).

Hu-Yu Expressway (Shanghai Section) is a 47.199 km expressway stretching from the western side of Huqingping Interchange (滬青平互通立交) of Outer Ring Road of Shanghai City in its east to Jiangsu Province intersection to its west, including the eastern section expressway (dual 2-lane) and western section expressway (dual 6-lane) of Zhufeng Highway (朱楓公路). Hu-Yu Expressway has seven toll stations which are located at Xujing (徐涇), Jiasong (嘉松), Outer Qingsong (外青松), Zhufeng (朱楓), Lianxi (蓮西), Jinze (金澤), Fenhu (汾湖) respectively. Hu-Yu Expressway (Shanghai Section) was fully opened in January 2008. The annual toll revenue of Hu-Yu Expressway for the year ended 31st December 2008 amounted to RMB349,080,000 (representing approximately HK\$396,502,000).

Pursuant to the Concession Contract, the Project Company has been granted the rights to operate and maintain the Hu-Yu Expressway (Shanghai Section) and to collect tolls as approved by the PRC government from vehicles using the Hu-Yu Expressway (Shanghai Section) and to operate advertising and service facilities within the approved area during the Concession Period pursuant to and in accordance with the Concession. The right to operate and maintain and to collect tolls was originally granted to Huqingping Co. and such right was subsequently revoked because of the default by Huqingping Co. The Project Company was set up by two of the shareholders of Huqingping Co. to take up the Concession as well as to deal with the settlement of the debts and liabilities of Huqingping Co.

Pursuant to the Project Company's obligation under the Compensation Agreement, the Project Company is required to settle the secured bank loans owing by Huqingping Co. The Concession is currently pledged to the relevant banks as security for such secured bank loans. As at the date of this announcement, the aggregate principal amount of such secured bank loans was approximately RMB1,940,000,000, of which approximately RMB1,280 million had already been formally novated to the Project Company and approximately RMB660,000,000 will be novated to the Project Company. Taking into account of the transfer of certain obligations of the Project Company to settle the

unsecured bank loans which remain outstanding after enforcement of the guarantees in respect thereof by the relevant banks and to deal with an accounts receivable due to the Project Company under the Compensation Agreement to Shanghai S.I. Capital Co., Ltd. (a wholly-owned subsidiary of SIIC) and that the Project Company will settle the Project Company's obligations under the Compensation Agreement to settle certain project sums incurred by and entrusted loans obtained by Huqingping Co. prior to Completion, apart from the aforesaid secured bank loans, the Project Company will not have any other outstanding obligations under the Compensation Agreement after Completion.

The Project Company is required under the Concession Contract to carry out alteration and widening work on the eastern section of Zhufeng Highway (朱楓公路) to widen it to 8 lanes in both directions, such work was planned to commence in 2013. All costs in respect of such alteration and widening work are required to be borne by the Project Company except where there is material change in the scope, scale and implementation schedule, in which event, the additional costs incurred as a result thereof shall be resolved between the Project Company and Shanghai RCTC by separate negotiation. At present, the plan regarding such alteration and widening work is yet to be formulated. Given the relevant plan has not been formulated, the capital required in respect of such work can not be determined at this stage.

### **Financial information**

The unaudited profit before taxation and the unaudited profit after taxation of each of Shen-Yu and HK Holdco for the period from the date of its incorporation to 30<sup>th</sup> November 2009, which were prepared in accordance with HKFRS, were both nil.

The unaudited net asset value and the unaudited total asset value of each of Shen-Yu and HK Holdco as at 30th November 2009, were HK\$1 and HK\$1,388,005,452 respectively.

The audited loss before taxation and the audited loss after taxation of the Project Company for the period from 6th January 2009 (being the date of its incorporation) to 31st August 2009, which were prepared in accordance with the general accepted accounting principles in the PRC and on the basis that the Project Company has assumed all rights and obligations relating to the Concession from 27th July 2008 onwards, were both RMB31,000,000 (equivalent to approximately HK\$35,211,000). The unaudited EBITDA of the Project Company for the eight months ended 31st August 2009 amounted to approximately RMB187,000,000.

The audited net asset value and the audited total asset value of the Project Company as at 31st August 2009 amounted to approximately RMB1,169,294,000 (equivalent to approximately HK\$1,328,140,000) and approximately RMB4,544,787,000 (equivalent to approximately HK\$5,162,184,000) respectively.

### **REASONS FOR AND BENEFITS OF THE ACQUISITION**

The Hu-Yu Expressway (Shanghai Section) acquired under the Acquisition, together with the Hu-Ning Expressway (Shanghai Section) and the Hu-Hang Expressway (Shanghai Section) both of

which are currently wholly-owned by the Group, accounts for approximately 23% of the total mileage of the toll roads in Shanghai and represent approximately 50% of the total revenue from toll roads in the city. The entering into of the Acquisition Agreement will enable the Group to further upscale its investments in the infrastructure business, thereby strengthening the Group's core businesses. Such move will also bring stable investment gains and recurring cash flow to the Group.

The Directors (apart from the independent non-executive Directors who have deferred their views until after considering the opinion of the independent financial adviser) consider that the terms of the Acquisition Agreement are fair and reasonable and are on normal commercial terms and in the interests of the Company and the Shareholders as a whole.

## **GENERAL**

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

SIIC CM is a wholly-owned subsidiary of SIIC and its principal activity is, inter alia, the holding of the entire equity interest in Shen-Yu. SIIC is beneficially owned by the Shanghai State-owned Assets Supervision and Administration Commission and is a conglomerate.

The Acquisition constitutes a discloseable transaction of the Company under the Listing Rules as the consideration ratio calculated pursuant to Rule 14.07 of the Listing Rules exceeds 5% but is below 25%. As SIIC CM is a wholly-owned subsidiary of SIIC, the controlling shareholder of the Company, SIIC CM is a connected person of the Company and the Acquisition also constitutes a connected transaction of the Company under the Listing Rules and is subject to the reporting, announcement and independent shareholders' approval requirements under the Listing Rules. The Company will convene the EGM for the purpose of seeking from the Independent Shareholders their approval of the Acquisition Agreement and the transactions contemplated thereunder. SIIC and its associates will be required to abstain from voting in respect of the ordinary resolution(s) to be proposed at the EGM to approve the Acquisition Agreement and the transactions contemplated thereunder. As at the date of this announcement, SIIC, through its wholly-owned subsidiaries, namely, Shanghai Investment Holdings Ltd., SIIC Capital (B.V.I.) Ltd., SIIC Treasury (B.V.I.) Ltd., South Pacific International Trading Ltd., SIIC Trading Co. Ltd., The Tien Chu (Hong Kong) Co. Ltd., SIIC CM Development Funds Ltd., Billion More Investments Ltd. and SIIC CM, is interested in approximately 51.02% of the issued share capital of the Company.

The Independent Board Committee comprising Dr. Lo Ka Shui, Prof. Woo Chia-Wei and Mr. Leung Pak To, Francis has been established to advise the Independent Shareholders on the fairness and reasonableness of the Acquisition. An independent financial adviser has been appointed by the Company to provide its opinion to the Independent Board Committee and the Independent Shareholders in respect of the Acquisition.

A circular containing further details relating to the Acquisition, the advice of the independent financial adviser to the Independent Board Committee and the Independent Shareholders, the recommendation of the Independent Board Committee to the Independent Shareholders in respect



of the Acquisition, the notice convening the EGM and other information as required under the Listing Rules, will be dispatched to the Shareholders as soon as practicable.

## **DEFINITIONS**

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

“Acquisition”	the acquisition by SI Infrastructure of the Shen-Yu Sale Share and the Shen-Yu Sale Loan from SIIC CM pursuant to the Acquisition Agreement
“Acquisition Agreement”	the conditional sale and purchase agreement dated 8th December 2009 entered into between SIIC CM, SI Infrastructure and SIIC in relation to the Acquisition
“associate”	has the meaning ascribed to it in the Listing Rules
“Board”	the board of Directors
“Business Day”	a day (other than a Saturday or a day on which typhoon signal no. 8 or above or black rainstorm signal is hoisted in Hong Kong at 10:00 a.m.) on which banks in Hong Kong are generally open for business
“BVI”	the British Virgin Islands
“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
“Completion”	completion of the Acquisition pursuant to the Acquisition Agreement
“Concession”	the concession granted to the Project Company (or, where the context requires, to Huqingping Co.) to operate and maintain, and to collect tolls from vehicles using, the Hu-Yu Expressway (Shanghai Section) during the Concession Period and to operate service facilities within the approved scope pursuant to and in accordance with the Concession Contract (or, in the case of Huqingping Co., the previous concession contract entered into by it)
“Concession Contract”	the concession contract, namely 上海滬青平高速公路收費經營權合同, dated 23rd February 2009 and made between the Project Company and Shanghai RCTC which will expire on 31st December 2027, pursuant to which the Project Company has obtained, and is still holding, the Concession

“Concession Period”	the period from 27th July 2008 to 31st December 2027
“Compensation Agreement”	the compensation agreement, namely 補償協議, dated 14th January 2009 entered into between Shanghai RCTC, the Project Company and Huqingping Co. regarding the performance by the Project Company of the obligation of Shanghai RCTC to pay compensation for resumption of Huqingping Co.’s Concession and the settlement of certain outstanding liabilities of Huqingping Co.
“Consideration”	the aggregate consideration for the sale and purchase of the Shen-Yu Sale Share and the assignment of the Shen-Yu Sale Loan, being the Share Consideration plus the Loan Consideration (both terms as defined in the paragraph headed “Consideration” of this announcement)
“Director(s)”	the director(s) of the Company
“EBITDA”	earning before interest, taxation, depreciation and amortization
“EGM”	an extraordinary general meeting of the Company to be held to consider and, if thought fit, approve the Acquisition
“Equity Transfer Agreements”	(i) the conditional Shanghai assets and equity transfer contract dated 27th November 2009 and (ii) the shareholding transfer agreement dated 26th November 2009 made between SIIC Shanghai, HK Holdco and SIIC, whereby SIIC Shanghai has agreed to sell, and HK Holdco has agreed to purchase, 100% equity interest in the Project Company
“Group”	the Company and its subsidiaries
“HKFRS”	standards and interpretations issued by the Hong Kong Institute of Certified Public Accountants, comprising (i) Hong Kong Financial Reporting Standards, (ii) Hong Kong Accounting Standards, and (iii) Interpretations
“HK Holdco”	S.I. Infrastructure (Shen-Yu) Limited (previously known as Accurate Plus Holdings Ltd.), a company incorporated in Hong Kong and legally and beneficially wholly-owned by Shen-Yu
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Huqingping Co.”	Shanghai Huqingping Expressway Construction and Development Co. Ltd. (上海滬青平高速公路建設發展有限公司), a domestic joint venture company with limited liability incorporated in the PRC on 24th July 2000

“Hu-Yu Expressway (Shanghai Section)”	Hu-Yu Expressway (Shanghai Section) (滬渝高速公路(上海段)) in the Shanghai Municipality of the PRC, a 47.199 km expressway stretching from the western side of Huqingping Interchange (滬青平互通立交) of Outer Ring Road of Shanghai City in its east to Jiangsu Province intersection to its west, including the eastern section expressway and western section expressway of Zhufeng Highway (朱楓公路) (including the widening and alteration work as stipulated in the Concession Contract)
“Independent Board Committee”	an independent committee of the Board comprising the three independent non-executive Directors, namely Dr. Lo Ka Shui, Prof. Woo Chia-Wei and Mr. Leung Pak To, Francis
“Independent Shareholders”	Shareholders other than SIIC and its associates
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Material Adverse Change (or Effect)”	any change (or effect), the consequence of which is to materially and adversely affect the financial position, business or property, results of operations, business prospects or assets of the Shen-Yu Group
“PRC”	the People’s Republic of China
“Project Company”	Shanghai Shen-Yu Development Co. Ltd. (上海申渝公路建設發展有限公司), a limited liability company established in the PRC and is currently owned by SIIC Shanghai
“Shanghai RCTC”	Shanghai City Rural Construction and Transportation Commission (上海市城鄉建設和交通委員會)
“Share(s)”	ordinary share(s) of HK\$0.10 each in the issued share capital of the Company
“Shareholder(s)”	the holder(s) of the Share(s)
“Shen-Yu”	S.I. Shen-Yu Development Ltd. 上實申渝開發建設有限公司 (previously known as Hover Gains Ltd. 翔益有限公司), a company incorporated in the BVI with limited liability and wholly-owned by SIIC CM
“Shen-Yu Group”	Shen-Yu, HK Holdco and the Project Company

“Shen-Yu Sale Loan”	the unsecured and non-interest bearing shareholder’s loan owing by Shen-Yu to SIIC CM as at the date of Completion which shall be HK\$1,388,005,444
“Shen-Yu Sale Share”	the one share of US\$1 in the capital of Shen-Yu beneficially owned by and registered in the name of SIIC CM, representing the entire issued share capital of Shen-Yu
“SIIC”	Shanghai Industrial Investment (Holdings) Co. Ltd., a company incorporated in Hong Kong with limited liability and the controlling shareholder of the Company
“SIIC CM”	SIIC CM Development Ltd., a company incorporated in the BVI with limited liability and a wholly-owned subsidiary of SIIC
“SIIC Shanghai”	SIIC Shanghai Holdings Co. Ltd. (上海上實(集團)有限公司), a limited liability company established in the PRC which is a wholly-owned subsidiary of SIIC
“SI Infrastructure”	S.I. Infrastructure Holdings Ltd., a company incorporated in the BVI with limited liability and a wholly-owned subsidiary of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Transfer”	the transfer of 100% of the equity interest in the Project Company from SIIC Shanghai to HK Holdco pursuant to the Equity Transfer Agreements
“km”	kilometre
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“RMB”	Renminbi, the lawful currency of the PRC
“US\$”	United States dollars, the lawful currency of the United States of America
“%”	per cent

*English names of the PRC established companies/entities appeared in this announcement are only translations of their official Chinese names. In case of inconsistency, the Chinese names prevail.*

*Unless otherwise stated, amounts in RMB and US\$ have been translated into HK\$ at exchange rates of HK\$1.00 to RMB0.8804 and HK\$7.8 to US\$1.00 respectively for illustration purposes only. No representation is made that any amounts in RMB, US\$ or HK\$ can be or could have been converted at the relevant dates at the above rates or any other rates or at all.*

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

Hong Kong, 8th December 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. Zhou Jie, Mr. Qian Shi Zheng,  
Mr. Yao Fang, Mr. Zhou Jun and Mr. Qian Yi*

*Independent Non-Executive Directors:*

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