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(Incorporated in Hong Kong with limited liability)

(Stock Code: 363)

CONNECTED TRANSACTION

On 19 May 2011, Zhejiang Yongcheng Printing, a subsidiary of the Company, entered into the Trust Subscription Contract with the Trustee whereby Zhejiang Yongcheng Printing agreed to subscribe for 250 million units in the Trust at a subscription price of RMB1.00 (equivalent to approximately HK\$1.19) per unit.

Pursuant to the Trust Subscription Contract, the total number of units in the Trust currently available for subscription is 700 million. The stated purpose of the Trust is to acquire equity interests in Tianjin Zhongtian by way of a capital increase, representing 49.34% of the enlarged equity interest in Tianjin Zhongtian (i.e. the Target Equity Interest).

Tianjin Zhongtian is currently a wholly-owned subsidiary of SIDC. SIDC is directly held as to 63.65% by SIIC Shanghai. SIIC, the controlling Shareholder, is authorized to operate SIIC Shanghai and exercises the authority as the state-owned shareholder of SIIC Shanghai. Given that the proceeds of the Trust are expected to be fully contributed to the capital increase in Tianjin Zhongtian, a connected person, the Company has taken the view that the Subscription constitutes a connected transaction of the Company.

As the applicable percentage ratios calculated pursuant to Rule 14.07 of the Listing Rules in respect of the Subscription exceeds 0.1% but is less than 5%, the Subscription is only subject to the reporting and announcement requirements but is exempt from the independent shareholders' approval requirement under Chapter 14A of the Listing Rules.

THE TRUST SUBSCRIPTION CONTRACT

Date

19 May 2011

Parties

1. Zhejiang Yongcheng Printing, a subsidiary of the Company (as one of the settlors and beneficiaries of the Trust)
2. the Trustee. To the best of the Directors' knowledge, information and belief having made all reasonable enquiry, the Trustee and its ultimate beneficial owners are third party independent of the Company and its connected persons

Subscription by Zhejiang Yongcheng Printing

250 million units in the Trust. The remaining 450 million units in the Trust are expected to be offered to other potential investors who, to the best of the Directors' knowledge, information and belief having made all reasonable enquiry, are third parties independent of the Company and its connected persons.

Subscription price

The subscription price for each unit in the Trust offered to all potential investors is RMB1.00 (equivalent to approximately HK\$1.19).

The subscription price payable by the Zhejiang Yongcheng Printing is RMB250 million (equivalent to approximately HK\$296.98 million) in cash, which will be funded by its internal resources.

Conditions precedent

The establishment of the Trust and payment by Zhejiang Yongcheng Printing for the Subscription are conditional upon:

1. the principal amount of the Trust contributed by investors amounting to RMB700 million (equivalent to approximately HK\$831.55 million);
2. there being no less than two investors subscribing to the Trust, provided that all requirements of the relevant authorities have been complied with;
3. all the relevant transaction documents to effect the acquisition of the Target Equity Interest by way of a capital increase and related arrangements having been entered into; and
4. any other terms which the Trustee may consider necessary.

Use of proceeds by the Trust

The Trustee is expected to utilise the entire amount of the proceeds raised to acquire the Target Equity Interest by way of a capital increase. Tianjin Zhongtian will make use of such capital to undertake the Laiyin Property Project in Tianjin, the PRC and repay shareholders' loan.

SIDC will be entrusted by the Trustee to manage the Target Equity Interest for the Trust and will guarantee that on the disposal of the Target Equity Interest, a prescribed level of sale price will be achieved. During the term of the Trust or upon the termination of the Trust, the Trustee may

realise the investment by disposing the Target Equity Interest based on a value appraised by an independent third party, subject to a right of first refusal exercisable by SIDC.

Expected return

Pursuant to the Trust Subscription Contract, the expected annual rate of return is stipulated at:

- (i) 6.0% for investment amount of RMB1 million (equivalent to approximately HK\$1.19 million) or more but less than RMB3 million (equivalent to approximately HK\$3.56 million);
- (ii) 6.8% for investment amount of RMB3 million (equivalent to approximately HK\$3.56 million) or more but less than RMB10 million (equivalent to approximately HK\$11.88 million);
- (iii) 7.0% for investment amount of RMB10 million (equivalent to approximately HK\$11.88 million) or more but less than RMB250 million (equivalent to approximately HK\$296.98 million); and
- (iv) 7.2% for investment amount of RMB250 million (equivalent to approximately HK\$296.98 million) or above.

All returns of the Trust will be distributed at the expiry of the term of the Trust based on the formula as follows:

$$\text{Beneficiary's expected returns} = \text{principal amount of the Trust} + \text{principal amount of the Trust} \times \text{expected annual rate of return} \times \text{days of the term of the Trust} / 365$$

Duration

The term of the Trust is initially 1 year commencing from the date on which the Trust is established, subject to further extension in the event (i) if the Trustee considers that Tianjin Zhongtian has committed material breaches; or (ii) the expected return of the Trust cannot be materialised and SIDC fails to honour its obligation to pay. During the extended period, the Trustee may be free to dispose of the assets in the Trust and take such other action which it may consider to be in the best interest of the beneficiary of the Trust.

INFORMATION ON THE TRUSTEE AND TIANJIN ZHONGTIAN

The Trustee is a financial institution jointly established by 北京三吉利能源股份有限公司 (Beijing Sanjili Energy Co. Ltd.)*, 北京融達投資有限公司 (Beijing Rongda Investment Co. Ltd.)* and 麥格理資本證券股份有限公司 (Macquarie Capital Securities Limited)*. It is principally engaged in financial management.

Tianjin Zhongtian is a project company established in Tianjin, with a registered capital of RMB75 million (equivalent to approximately HK\$89.09 million), for the development of the Laiyin

Property Project located in Yang Liu Qing Town, Xi Qing District, Tianjin, the PRC with a gross floor area of 483,941 sq. m. for commercial and residential uses. Phases 1 and 2 of the Laiyin Property Project, have been completed and sold. The construction work for phases 3 and 4 of the project is still in progress but pre-sale permits have already been obtained for certain premises.

Set out below are the audited net profit/loss before and after taxation of Tianjin Zhongtian for the two years ended 31 December 2010:

For the financial year ended 31 December		
	2010	2009
	<i>RMB</i>	<i>RMB</i>
	<i>'000</i>	<i>'000</i>
Net profit/loss before taxation	66,024 (equivalent to a profit of approximately HK\$78,432,000)	(6,362) (equivalent to a loss of approximately HK\$7,558,000)
Net profit/loss after taxation	51,245 (equivalent to a profit of approximately HK\$60,876,000)	(6,362) (equivalent to a loss of approximately HK\$7,558,000)

As at 31 December 2010, the audited net asset value of Tianjin Zhongtian was approximately RMB111.13 million (equivalent to approximately HK\$132.01 million) and the net asset value of Tianjin Zhongtian appraised by an independent valuer was RMB718.68 million (equivalent to approximately HK\$853.74 million).

REASONS FOR AND BENEFITS OF ENTERING INTO THE TRUST SUBSCRIPTION CONTRACT

The Group is principally engaged in the business of infrastructure facilities, real estate and consumer products. Zhejiang Yongcheng Printing is principally engaged in the business of manufacture and sale of decorative materials and printed products for packaging.

The Subscription made by Zhejiang Yongcheng Printing will enable it to obtain a guaranteed return for its available fund in a short term. Meanwhile, the capital to be contributed by the Trust for the acquisition of the Target Equity Interest will be used by Tianjin Zhongtian to undertake the Laiyin Property Project in Tianjin, the PRC, and the management of the Target Equity Interest has been entrusted to SIDC which will also guarantee that on the disposal of the Target Equity Interest, a prescribed level of sale price will be achieved. Taking into consideration the experience in and expertise of real estate development SIDC possesses and the fact that it is a subsidiary of SIIC, the controlling Shareholder, the investment made by Zhejiang Yongcheng Printing is highly secured.

The Board (including the independent non-executive directors) believes that the terms of the transaction contemplated under the Trust Subscription Contract are fair and reasonable and in the interests of the Shareholders as a whole. None of the Directors have a material interest in the Subscription and accordingly no Director has been required to abstain from voting on the relevant resolutions of the Board for approving the Trust Subscription Contract and the Subscription.

LISTING RULES IMPLICATIONS

Tianjin Zhongtian is currently a wholly-owned subsidiary of SIDC. SIDC is directly held as to 63.65% by SIIC Shanghai. SIIC, the controlling Shareholder, is authorized to operate SIIC Shanghai and exercises the authority as its state-owned shareholder of SIIC Shanghai. Given that the proceeds of the Trust are expected to be fully contributed to the capital increase in Tianjin Zhongtian, a connected person, the Company has taken the view that the Subscription constitutes a connected transaction of the Company.

As the applicable percentage ratios calculated pursuant to Rule 14.07 of the Listing Rules in respect of the Subscription exceeds 0.1% but is less than 5%, the Subscription is only subject to the reporting and announcement requirements but is exempt from the independent shareholders' approval requirement under Chapter 14A of the Listing Rules.

DEFINITIONS

In this announcement, unless the context requires otherwise, the following terms have the meanings set out below:

“Board”	the board of directors of the Company
“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
“connected person(s)”	has the meaning ascribed to it under 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
“Laiyin Property Project”	the real estate development project located in Yang Liu Qing Town, Xi Qing District, Tianjin, the PRC with a gross floor area of 483,941 sq. m. for commercial and residential uses
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange

“PRC”	the People’s Republic of China (for the purposes of this announcement, excluding Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan)
“Shareholder(s)”	holder(s) of the share(s) in the capital of the Company
“SIDC”	上海實業發展股份有限公司 (Shanghai Industrial Development Co., Ltd.)*, a joint stock limited liability company established under the laws of the PRC which is directly held as to 63.65% by SIIC Shanghai and is listed on A shares market of the Shanghai Stock Exchange (stock code: 600748)
“SIIC”	Shanghai Industrial Investment (Holdings) Company Limited, a company incorporated in Hong Kong with limited liability and the controlling Shareholder
“SIIC Shanghai”	上海上實(集團)有限公司 (SIIC Shanghai (Holding) Co., Ltd.)*, a company incorporated in the PRC with limited liability and with SIIC as the authorised representative exercising state-owned shareholder's right over it
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Subscription”	the subscription of 250 million units in the Trust at a price of RMB1.00 per unit by Zhejiang Yongcheng Printing pursuant to the Trust Subscription Contract
“Target Equity Interest”	49.34% of the enlarged equity interest in Tianjin Zhongtian
“Tianjin Zhongtian”	天津市中天興業房地產開發有限公司 (Tianjin Zhongtian Xingye Real Estate Development Co., Ltd.)*, a limited liability company registered in the PRC and a wholly owned subsidiary of SIDC
“Trust”	an investment trust known as 華澳•長信8號 - 上實發展股權投資集合資金信託計畫 (Huaao Changxin No. 8 - Shanghai Industrial Development Equity Investment Trust Scheme)* to be established in the PRC for subscription by investors generally of which the Trustee acts as the trustee
“Trust Subscription Contract”	Trust Subscription Contract dated 19 May 2011 entered into between Zhejiang Yongcheng Printing and the Trustee
“Trustee”	華澳國際信託有限公司 (Sino-Australian International Trust Co., Ltd.)*, a limited liability company registered in Shanghai, the PRC and an independent third party to the Company and its connected persons
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong

“RMB”	Renminbi, the lawful currency of the PRC
“sq. m.”	square metres
“Zhejiang Yongcheng Printing”	浙江永成印務有限公司 (Zhejiang Yongcheng Printing Co., Ltd.)*, a limited liability company registered in the PRC and a subsidiary of the Company
“%”	per cent

* *For identification purposes only*

For the purpose of this announcement, unless the context otherwise requires, conversion of RMB into Hong Kong dollar is based on the approximate exchange rate of RMB0.8418 to HK\$1. This translation is provided for reference and convenience only, and no representation is made, and no representation should be construed as being made, that any amounts in RMB or HK\$ can be converted at the above rate or any other rates or at all.

By order of the board of
Shanghai Industrial Holdings Limited
Yee Foo Hei
Company Secretary

Hong Kong, 19 May 2011

As at the date of this announcement, the Board comprises:

Executive Directors:

Mr. Teng Yi Long, Mr. Cai Yu Tian, Mr. Lu Ming Fang, Mr. Zhou Jie, Mr. Qian Shi Zheng, 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