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(Incorporated in Hong Kong with limited liability)

(Stock Code: 363)

CONTINUING CONNECTED TRANSACTIONS

EXTENSION OF THE ENTRUSTMENT AGREEMENT

Reference is made to the announcement of the Company dated 10 November 2010 on the Entrustment Agreement between Hu-Ning Expressway and Shanghai Galaxy under which Hu-Ning Expressway entrusted Shanghai Galaxy to manage its assets for a term of one year from 12 June 2010 to 11 June 2011.

As the Entrustment Agreement will expire on 11 June 2011, Hu-Ning Expressway and Shanghai Galaxy entered into the New Entrustment Agreement to extend the Entrustment Agreement on substantially the same terms for a further term of three years from 12 June 2011 to 11 June 2014.

Hu-Ning Expressway is an indirect wholly-owned subsidiary of the Company. Shanghai Galaxy is owned by SIIC, the controlling Shareholder, as to 50% of its total equity interest and by Hu-Ning Expressway as to the other 50%. As such, Shanghai Galaxy is an associate of SIIC and thus a connected person of the Company under the Listing Rules and the transactions as contemplated under the New Entrustment Agreement constitute continuing connected transactions of the Company. As the revenue ratio and the consideration ratio of the annual maximum management fees payable to Shanghai Galaxy under the New Entrustment Agreement calculated pursuant to Rule 14.07 of the Listing Rules are over 0.1% but less than 5%, the New Entrustment Agreement is exempt from the independent shareholders' approval requirements but is subject to the reporting and announcement requirements under Chapter 14A of the Listing Rules.

As disclosed in the announcement of the Company dated 10 November 2010, Hu-Ning Expressway and Shanghai Galaxy entered into the Entrustment Agreement under which Hu-Ning Expressway entrusted Shanghai Galaxy to manage its assets for a term of one year from 12 June 2010 to 11 June 2011.

On 23 May 2011, Hu-Ning Expressway and Shanghai Galaxy entered into the New Entrustment Agreement pursuant to which Hu-Ning Expressway has entrusted Shanghai Galaxy to manage its assets for a further term on substantially the same terms as the Entrustment Agreement.

THE NEW ENTRUSTMENT AGREEMENT

Date

23 May 2011

The parties

- (a) Hu-Ning Expressway, an indirect wholly-owned subsidiary of the Company
- (b) Shanghai Galaxy, a company owned by SIIC as to 50% of its total equity interest and by Hu-Ning Expressway as to the other 50%

The entrustment term

The entrustment period is for three years from 12 June 2011 to 11 June 2014. Both parties may through negotiations extend the New Entrustment Agreement for a further period upon the terms and conditions thereof within three months prior to the expiry of the entrustment term.

The details

Scope of entrustment

Pursuant to the New Entrustment Agreement, both parties shall negotiate and confirm the actual periodic amount of the entrustment funds to be used from time to time based on Hu-Ning Expressway's available cash and the trend of the investment market as assessed by Shanghai Galaxy. The maximum amount of the entrustment funds is RMB400,000,000 (equivalent to approximately HK\$475,172,000), which was determined based on Shanghai Galaxy's available human resources on fund management, investment research and daily trading operation, etc. for handling such amount of entrustment fund and the available funds that may be offered by Hu-Ning Expressway. The entrustment funds entrusted to Shanghai Galaxy by Hu-Ning Expressway may only be invested in the PRC's securities market and shall not be used for any other purposes.

Guaranteed Returns

Pursuant to the New Entrustment Agreement, it is agreed that Shanghai Galaxy shall provide guaranteed Returns in cash to Hu-Ning Expressway which is equal to 8% of the exact amount of the entrustment funds entrusted in a year. Such guaranteed rates offered by Shanghai Galaxy are comparable to that offered by other PRC asset management entities in the market and are on normal commercial terms. The rate of guaranteed Returns was determined based on Shanghai Galaxy's overall past investment performance. During the entrustment term, Returns shall be payable by Shanghai Galaxy within 5 working days after receipt of a payment notice from Hu-Ning Expressway. Upon expiry of the entrustment term, Shanghai Galaxy shall return all principal and unpaid Returns to Hu-Ning Expressway in cash within 10 working days after such term. The Returns receivable by Hu-Ning Expressway in respect of the Entrustment Agreement entered into in 2010 up to 31 March 2011 amounted to approximately RMB42,369,945 (equivalent to approximately HK\$50,333,000).

Management Fees

When the annual Returns on the entrustment fund exceeds the said 8%, Shanghai Galaxy shall be entitled to deduct a management fee of 20% of the exceeded amount upon expiry of the entrustment term. Such rate of management fees of 20% on the amount above the guaranteed Returns are on better commercial terms to Hu-Ning Expressway when compared to that offered by other PRC asset management entities in the market. The management fee to be received by Shanghai Galaxy shall not be more than RMB30,000,000 (equivalent to approximately HK\$35,638,000 million) per year, which shall be the annual cap for the continuing connected transactions as contemplated under the New Entrustment Agreement. The management fee was determined based on the estimated operating cost of Shanghai Galaxy in the course of the provision of assets management services to Hu-Ning Expressway. The management fees payable by Hu-Ning Expressway in respect of the Entrustment Agreement entered into in 2010 up to 31 March 2011 amounted to approximately RMB5,134,592 (equivalent to approximately HK\$6,100,000).

REASONS FOR AND BENEFITS OF ENTERING INTO THE NEW ENTRUSTMENT AGREEMENT

By entering into of the New Entrustment Agreement, it is expected that Hu-Ning will continue to receive guaranteed and additional returns and its investments will be much safeguarded. It is also considered that Shanghai Galaxy has the experience and expertise in assets management, and being a company owned by SIIC as to 50% of its equity interest and by Hu-Ning Expressway itself as to the other 50%, its ability for continued operation and fulfilling contractual obligations are much secured when compared with other assets management entities.

The Directors (including the independent non-executive Directors) consider that the continuing connected transactions as contemplated under the New Entrustment Agreement are on normal commercial terms, and that the terms of the New Entrustment Agreement and the annual cap for the continuing connected transactions as contemplated thereunder are fair and reasonable and in the interests of the Group and the Shareholders as a whole. No Director has a material interest in the New Entrustment Agreement and accordingly no Director is required to abstain from voting on the relevant board resolutions approving the New Entrustment Agreement and the transactions contemplated thereunder.

LISTING RULES IMPLICATIONS

Hu-Ning Expressway is an indirect wholly-owned subsidiary of the Company. Shanghai Galaxy is owned by SIIC, the controlling Shareholder, as to 50% of its total equity interest and by Hu-Ning Expressway as to the other 50%. As such, Shanghai Galaxy is an associate of SIIC and thus a connected person of the Company under the Listing Rules and the transactions as contemplated under the New Entrustment Agreement constitute continuing connected transactions of the Company. As the revenue ratio and the consideration ratio of the annual maximum management fees payable to Shanghai Galaxy under the New Entrustment Agreement calculated pursuant to Rule 14.07 of the Listing Rules are over 0.1% but less than 5%, the New Entrustment Agreement is exempt from the independent shareholders' approval requirements but is subject to the reporting, annual review and announcement requirements under Chapter 14A of the Listing Rules.

GENERAL

The Group is principally engaged in the business of infrastructure facilities, real estate and consumer products.

Shanghai Galaxy is principally engaged in industrial investment, assets management and relevant consultation business.

DEFINITIONS

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

Terms	Meaning
“associate(s)”	has the meaning ascribed to it under the Listing Rules
“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
“Entrustment Agreement”	the asset management entrustment agreement (關於委託資產管理的協議) entered into between Hu-Ning Expressway and Shanghai Galaxy on 10 November 2010
“Directors”	directors of the Company
“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Hu-Ning Expressway”	Shanghai Hu-Ning Expressway (Shanghai Section) Co., Ltd. (上海滬寧高速公路(上海段)發展有限公司), a company incorporated in the PRC and an indirect-wholly owned subsidiary of the Company
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“New Entrustment Agreement”	the asset management entrustment agreement (關於委託資產管理的協議) entered into between Hu-Ning Expressway and Shanghai Galaxy on 23 May 2011 to extend the Entrustment Agreement
“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)

“Returns”	the amount of the total assets of Hu-Ning Expressway managed by Shanghai Galaxy under the New Entrustment Agreement (the sum of cash plus the market value of assets) in excess of the principal sum of the entrustment funds entrusted by Hu-Ning Expressway thereunder
“Shanghai Galaxy”	上海星河數碼投資有限公司, a company incorporated in the PRC
“Shareholder(s)”	holder(s) of the share(s) in the capital of the Company
“SIIC”	Shanghai Industrial Investment (Holdings) Company Limited, a company incorporated in Hong Kong with limited liability and the controlling Shareholder of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“RMB”	Renminbi, the lawful currency of the PRC

In this announcement, RMB has been converted to HK\$ at the rate of RMB0.8418 to HK\$1 for illustration purpose only. No representation is made that any amounts in RMB or HK\$ have been, could have been or could be converted at the above rate or at any other rates or at all.

By Order of the Board
Shanghai Industrial Holdings Limited
Yee Foo Hei
Company Secretary

Hong Kong, 23 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