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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 30 August 2011, the Company as the tenant entered into the Harcourt Tenancy Agreement with International Hope as the landlord in respect of the lease of the Harcourt House Office;
- (ii) on 15 July 2011, 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;
- (iii) on 1 July 2011, the Company as the licensee entered into the Harcourt Licence Agreement with International Hope as the licensor in respect of the licence of the Harcourt House Car Parking Spaces;
- (iv) on 1 July 2011, Nanyang Tobacco, a wholly-owned subsidiary of the Company, as the licensee entered into the Whampoa Licence Agreement with International Hope as the licensor in respect of the licence of the Whampoa Garden Car Parking Space; and
- (v) on 29 April 2011, SIIC Management, a wholly-owned subsidiary of the Company, as the tenant entered into the Golden Bell Tenancy Agreement with SIIC Shanghai as the landlord in respect of the lease of the Golden Bell Plaza Office.

The total estimated aggregate maximum annual rent and licence fees together with the management fees payable under the Agreements amounts to approximately HK\$18,500,000.

SIIC is the controlling shareholder of the Company holding approximately 54.93% interest in the entire issued capital of the Company, and SIIC Shanghai, International Hope and SIIC Shanghai PM are wholly-owned subsidiaries of SIIC. Hence, both 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 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 Rules 14A.45 to 14A.47 of the Listing Rules.

THE AGREEMENTS

(i) Harcourt Tenancy Agreement

The Company as the tenant entered into the Harcourt Tenancy Agreement with International Hope as the landlord on 30 August 2011 in respect of the lease of the Harcourt House Office for a term of two years commencing 1 July 2011. 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 Harcourt Tenancy Agreement is HK\$790,000 (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 the Harcourt House Office appraised by DTZ Debenham Tie Leung Limited, an independent valuer on 14 July 2011.

(ii) Gaoyou Road Tenancy Agreement

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 on 15 July 2011 in respect of the lease of the Gaoyou Road Office for a term of two years commencing 1 May 2011. Gaoyou Road Office with a total gross floor area of approximately 819.48 sq.m. is the existing 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\$150,490), 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 the Golden Bell Plaza Office appraised by DTZ Debenham Tie Leung Limited on 29 April 2011. The current monthly management fee payable to

SIIC Shanghai PM by SI Infrastructure as pursuant to the Gaoyou Road PM Services Contract amounts to approximately RMB27,629 (equivalent to approximately HK\$33,260).

(iii) *Harcourt Licence Agreement*

The Company as the licensee entered into the Harcourt Licence Agreement with International Hope as the licensor on 1 July 2011 in respect of the licence of the Harcourt House Car Parking Spaces for a term of three years commencing 1 July 2011. The monthly licence fee under the 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.

(iv) *Whampoa Licence Agreement*

Nanyang Tobacco as the licensee entered into the Whampoa Licence Agreement with SIIC Estate as the agent of International Hope as the licensor on 1 July 2011 in respect of licence of the Whampoa Garden Parking Space for a term of three years commencing 1 July 2011 at a monthly licence fee of HK\$2,300, 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 Whampoa Garden offered by independent third parties.

(v) *Golden Bell Tenancy Agreement*

SIIC Management, a wholly-owned subsidiary of the Company, as the tenant entered into the Golden Bell Tenancy Agreement with SIIC Shanghai as the landlord on 29 April 2011 in respect of the lease of the Golden Bell Plaza Office for a term of two years commencing 1 May 2011. 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 Golden Bell Tenancy Agreement amounts to approximately RMB376,569 (equivalent to approximately HK\$453,370), 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 28 April 2011. The current monthly management fee payable to SIIC Shanghai by SIIC Management amounts to approximately RMB56,000 (equivalent to approximately HK\$67,420).

CONTINUING CONNECTED TRANSACTIONS

SIIC is a controlling shareholder of the Company holding approximately 54.93% interest in the entire issued capital of the Company, and SIIC Shanghai, International Hope and SIIC Shanghai PM are wholly-owned subsidiaries of SIIC. Hence, both 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 current management fees etc. payable by the Group under the Harcourt Tenancy Agreement, the Gaoyou Road Tenancy Agreement, the Gaoyou Road PM Services Contract, the Harcourt Licence Agreement, the Whampoa Licence Agreement and the Golden Bell Tenancy Agreement are as follows:

	<u>2011</u> <i>HKD</i>	<u>2012</u> <i>HKD</i>	<u>2013</u> <i>HKD</i>
(i) Harcourt House Office	4,740,000	9,480,000	4,740,000
(ii) Gaoyou Road Office	1,470,060	2,205,090	735,030
(iii) Harcourt House Car Parking Spaces	100,800	201,600	201,600
(iv) Whampoa Garden Car Parking Space	13,800	27,600	27,600
(v) Golden Bell Plaza Office	<u>4,166,328</u>	<u>6,249,492</u>	<u>2,083,164</u>
	<u>10,490,988</u>	<u>18,163,782</u>	<u>7,787,394</u>

Based on the above calculation and in view of the management fees payable under the Harcourt Tenancy Agreement, the Golden Bell Tenancy Agreement and the Gaoyou Road 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, licence fees and management fees for the relevant financial years ending 31 December 2013 will be approximately HK\$11,000,000, HK\$18,500,000 and HK\$8,000,000 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 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 Rules 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, its Shanghai regional office and infrastructure business headquarters respectively. The above office premises and car parking spaces are rented/licensed as to the practical business needs of the Group. By renewing the tenancy of the Harcourt House Office, the Golden Bell Plaza Office and the Gaoyou Road 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. None of the Directors have a material interest in the Agreements and accordingly no Director has been required to abstain from voting on the relevant resolutions of the Board for approving the Agreements.

GENERAL INFORMATION

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

SIIC Shanghai, International Hope and SIIC Shanghai PM are wholly-owned subsidiaries of SIIC. The principal business activities of SIIC Shanghai, International Hope and SIIC Shanghai PM are investment holding and property investment, property investment and provision of property management services respectively.

DEFINITIONS

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

“Agreements”	the Harcourt Tenancy Agreement, the Harcourt Licence Agreement, the Whampoa Licence Agreement, the Golden Bell Tenancy Agreement, the Gaoyou Road Tenancy Agreement and the Gaoyou Road PM Services Contract
“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, PRC
“Gaoyou Road PM Services Contract”	the property management services contract dated 13 July 2011 entered into between SI Infrastructure and SIIC Shanghai PM in relation to the provision of property management services by SIIC Shanghai PM to SI Infrastructure in respect of the Gaoyou Road Office

“Gaoyou Road Tenancy Agreement”	the tenancy agreement dated 15 July 2011 entered into between SI Infrastructure as the tenant with SIIC Shanghai office as the landlord in relation to the lease of the Gaoyou Road Office
“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, PRC
“Golden Bell Tenancy Agreement”	the tenancy agreement dated 29 April 2011 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
“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
“Harcourt Licence Agreement”	the licence agreement dated 1 July 2011 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
“Harcourt Tenancy Agreement”	the tenancy agreement dated 30 August 2011 entered into between the Company as the tenant and International Hope as the landlord in relation to the lease of the Harcourt House Office
“Hong Kong”	Hong Kong Special Administrative Region
“International Hope”	International Hope Limited, a company incorporated in Hong Kong with limited liability and a wholly-owned subsidiary of SIIC
“Listing Rules”	Rules Governing the Listing of Securities on the Stock Exchange

“Nanyang Tobacco”	Nanyang Brothers Tobacco Company, Limited, a company incorporated in Hong Kong with limited liability and a wholly-owned subsidiary of the Company
“PRC”	the People’s Republic of China
“SIIC”	Shanghai Industrial Investment (Holdings) Company Limited, a company incorporated in Hong Kong with limited liability
“SIIC Estate”	SIIC Estate Company Limited, a company incorporated in Hong Kong with limited liability and a wholly-owned subsidiary of SIIC, and is authorized by International Hope as its agent to deal with the licensing and property management matters for its properties
“SIIC Management”	SIIC Management (Shanghai) Co., Ltd.* (上實管理(上海)有限公司), a company incorporated in the PRC with limited liability and a wholly-owned subsidiary of the Company
“SIIC Shanghai”	SIIC Shanghai (Holding) Co., Ltd.* (上海上實(集團)有限公司), a company incorporated in the PRC with limited liability. SIIC is authorized to operate SIIC Shanghai and exercises the authority as its state-owned shareholder
“SIIC Shanghai PM”	SIIC Shanghai Property Management Co., Ltd.* (上海上實物業管理有限公司), a company incorporated in the PRC with limited liability and a wholly-owned subsidiary of SIIC
“SI 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
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Whampoa Garden Car Parking Space”	A car parking space no. 402 on Basement 3, Site 5, Whampoa Garden, Hunghom, Kowloon, Hong Kong
“Whampoa Licence Agreement”	the licence agreement dated 1 July 2011 entered into between the Nanyang Tobacco as the licensee and SIIC Estate as the agent of International Hope as the licensor in relation to the licence of the Whampoa Garden Car Parking Space

“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 = RMB0.8306 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
Yee Foo Hei
Company Secretary

Hong Kong, 30 August 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

**for identification purpose only*