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SHANGHAI INTERNATIONAL SHANGHAI GROWTH INVESTMENT LIMITED

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 00770)

NON-EXEMPT CONTINUING CONNECTED TRANSACTIONS

Summary

Reference is made to the Company's announcement dated 28 March 2008.

The Directors are pleased to announce that the Company has entered into the Sixth Supplemental Agreement to the Investment Management Agreement with the Investment Manager on 28 March 2011 whereby the parties have agreed to, inter alia, amend and extend the term of appointment of the Investment Manager and amend the provisions in relation to the remuneration payable to Investment Manager by the Company under the Investment Management Agreement.

Connected Relationship

The listing of the Company was approved by the Stock Exchange as an investment company under Chapter 21 of the Listing Rules. Pursuant to Rule 21.13 of the Listing Rules, the Investment Manager, acting as the Company's investment manager licensed under the Securities and Futures Ordinance in Hong Kong, is a connected person for the purposes of the Listing Rules. Therefore, any transaction between the Company and the Investment Manager constitutes a connected transaction under Chapter 14A of the Listing Rules. The transactions contemplated under the Sixth Supplemental Agreement will constitute continuing connected transactions under Chapter 14A of the Listing Rules.

Implications under the Listing Rules

The highest New Cap during the period from 1 July 2011 to 30 June 2014 is US\$5,500,000 and the applicable percentage ratios (as defined in the Listing Rules) are more than 25%. Pursuant to rule 14A.35 of the Listing Rules, the Continuing Connected Transactions are subject to reporting, announcement, annual review and Independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

Independent Shareholders' Approval

The Independent Shareholders will be asked to consider and, if thought fit, approve by poll the Sixth Supplemental Agreement at the AGM.

The Company has appointed Altus Capital Limited as an independent financial advisor to advise the Independent Board Committee and the Independent Shareholders in respect of the Continuing Connected Transactions.

A circular containing, among other things, (i) details of the Sixth Supplemental Agreement and the Continuing Connected Transactions; (ii) a letter from the independent financial adviser to the Independent Board Committee containing its advice to the Independent Board Committee on the approval of the Sixth Supplemental Agreement and the Continuing Connected Transactions; (iii) the recommendation of the Independent Board Committee regarding the approval of the Sixth Supplemental Agreement and the Continuing Connected Transactions; and (iv) a notice of the AGM will be dispatched to the Shareholders on or before 14 April 2011.

THE INVESTMENT MANAGEMENT AGREEMENT

On 12 November 1993, the Company and the Investment Manager entered into the Investment Management Agreement. Pursuant to the Investment Management Agreement, the Investment Manager agreed to provide the Investment Management Services. The Investment Manager's duties and responsibilities under the Investment Manager Agreement include:

- (1) managing, subject to the overall supervision of the Directors, the Investment and reinvestment of the assets of the Company in order to achieve the investment objectives and policies of the Company;
- (2) evaluating investment opportunities, implementing investment and realization decisions, monitoring and supervising investments and preparing valuations of the Company's investments; and
- (3) managing the corporate affairs of the Company and dealing with its day-to-day administration, including preparation of the annual and semi-annual statements on the performance of the Company's investments for inclusion in the Company's annual and semi-annual reports.

The Company agreed to pay the Investment Manager the Management and Administration Fee, calculated and to be paid in US\$ quarterly in advance, of 0.5% per quarter of the Net Asset Value.

The Investment Manager is also entitled to receive from the Company an Incentive Fee upon fulfillment of certain conditions pursuant to the Investment Management Agreement.

PREVIOUS SUPPLEMENTAL AGREEMENTS

After the entering into the Investment Management Agreement, from 22 January 2001 to 28 March 2008, the Company and the Investment Manger have entered into various supplemental agreements to amend and supplement the Investment Management Agreement.

	Dates of the supplemental agreements	Duration of the supplemental agreements
The Supplemental Agreement	22 January 2001	1 January 2001 to 31 December 2005
The Second Supplemental Agreement	12 September 2001	No amendment to the duration of the Supplemental Agreement

	Dates of the supplemental agreements	Duration of the supplemental agreements
The Third Supplemental Agreement	3 November 2003	No amendment to the duration of the Supplemental Agreement
The Fourth Supplemental Agreement	11 April 2005	1 July 2005 to 30 June 2008
The Fifth Supplemental Agreement	28 March 2008	1 July 2008 to 30 June 2011

THE SIXTH SUPPLEMENTAL AGREEMENT

On 28 March 2011, the Company entered into the Sixth Supplemental Agreement to the Investment Management Agreement with the Investment Manager.

Upon the Sixth Supplemental Agreement becoming unconditional, the following amendments will be made to the Investment Management Agreement:

- (1) that the appointment of the Investment Manager under the Investment Management Agreement is extended for a term of three years commencing from 1 July 2011 to 30 June 2014. The Investment Manager shall be entitled to resign its appointment under the Investment Management Agreement, and the Company may by resolution of the Board terminate the appointment of the Investment Manager, in either case by giving not less than two months notice in writing to the Company or the Investment Manager (as the case may be).
- (2) that in relation to the year ending 31 December 2011, the Investment Manager shall be entitled to an Incentive Fee equal to fifteen per cent (15%) of the amount by which the Net Asset Value as at 31 December 2011 exceeds one hundred and fifteen per cent (115%) of the Net Asset Value as at 31 December 2010. The actual amount of special dividends (if any) paid by the Company in 2011 shall be deducted from the Net Asset Value as at 31 December 2010 when calculating the growth of the Net Asset Value. In the event that the Company raises new capital in 2011, for the purpose of determining the Incentive Fee, such new capital shall be deducted from the Net Asset Value as at 31 December 2011.

For the year ending on 31 December 2011,

Incentive Fee = 15% x (Net Asset Value as at 31 December 2011 – new capital raised in 2011, if any) – 115% x (Net Asset Value as at 31 December 2010 – dividends paid in the year 2011);

- (3) that with effect from the year ending 31 December 2012, the Investment Manager shall be entitled to an Incentive Fee equal to twenty per cent (20%) of the amount by which the Net Asset Value as at 31 December of each year of the term of this Agreement exceeds one hundred and eight per cent (108%) of the Net Asset Value as at 31 December of the immediately preceding year. The actual amount of special dividends (if any) paid by the Company in the relevant year shall be deducted from the Net Asset Value as at 31 December of the immediately preceding year when calculating the growth of the Net Asset Value. In the event that the Company raises new capital in the relevant year, for the purpose of determining the Incentive Fee, such new capital shall be deducted from the Net Asset Value as at 31 December of the relevant year.

For the year ending on 31 December 2012 and thereafter,

Incentive Fee = 20% x (Net Asset Value as at 31 December of the relevant year – new capital raised in the relevant year, if any) – 108% x (Net Asset Value as at 31 December of the immediately preceding year – dividends paid in the relevant year);

- (4) that with effect from 1 July 2011, after adjustment on payments of special dividend in each year from 2008 to 2011, no Incentive Fee shall be payable to the Investment Manager if the Net Asset Value per Share (being the Net Asset Value as at 31 December of the relevant year divided by the number of Shares in issue at such date) is less than US\$1.4 (US\$2.6 (2008 threshold) – US\$1.2 (total sum of special dividends paid during the period from 1 July 2008 to 30 June 2011)). Thereafter, the threshold of US\$1.4 shall be adjusted annually (or such other period as the Board deems appropriate) according to the actual amount of special dividends paid in the relevant year. Any such adjustments must be approved by the Board in accordance with the Articles;
- (5) that the total fees payable to the Investment Manager, consisting of the Management and Administration Fee and the Incentive Fee, for each of the following periods of the term of the Investment Management as amended by the Sixth Supplemental Agreement must not exceed the corresponding amount set out in Clause 7.03A, as indicated below:

Period	Amount
From 1 July 2011 to 31 December 2011 inclusive	US\$5,500,000 (approximately HK\$42,900,000)
For the year 2012	US\$1,200,000 (approximately HK\$9,360,000)
For the year 2013	US\$2,000,000 (approximately HK\$15,600,000)
From 1 January 2014 to 30 June 2014 inclusive	US\$620,000 (approximately HK\$4,836,000)

Each of the above amounts is referred to as the “**New Cap**” or collectively, as the “**New Caps**” in this announcement. Subject to the above amendments, the other terms of the Investment Management Agreement shall remain the same.

In the event that the total fees payable to the Investment Manager (consisting of the Management and Administration Fee and, if any, the Incentive Fee) for each of the periods covered by the Sixth Supplemental Agreement exceed the corresponding New Cap, the Company will have to re-comply with the relevant provisions under Chapter 14A of the Listing Rules, including without limitation making further announcement and obtaining further approval from its Independent Shareholders.

Historical transaction amounts and the current annual caps

The following is a summary of the historical transaction amounts for the period commencing from 1 July 2008 to 31 March 2011 inclusive and the annual caps for the Continuing Connected Transactions for the period commencing from 1 July 2008 to 30 June 2011 inclusive:

	For the period from 1 July 2008 to 31 December 2008 inclusive	For the year 2009	For the year 2010	For the period from 1 January 2011 to 31 March 2011 inclusive
Actual transaction amount	US\$220,672	US\$423,777	US\$1,837,347	US\$155,240
Annual caps	US\$400,000	US\$1,800,000	US\$2,000,000	US\$2,800,000 (note: this annual cap covers the period from 1 January 2011 to 30 June 2011)

REASONS FOR THE SIXTH SUPPLEMENTAL AGREEMENT

The Company, an investment company listed under Chapter 21 of the Listing Rules on the Stock Exchange, aims to achieve long-term capital appreciation through unlisted investments in the greater China region and listed China-related securities. Since 12 November 1993, the Company has appointed the Investment Manager to provide Investment Management Services to the Company. The three years' term of appointment of the Investment Manager under the Fifth Supplemental Agreement will expire on 30 June 2011 and either party may terminate the Investment Management Agreement with two months prior written notice at any time. The Board considers that the AGM, expected to be held in May 2011, to be an appropriate time for the Independent Shareholders to consider and, if thought fit, approve, inter alia, the Sixth Supplemental Agreement and the Continuing Connected Transactions.

The Directors are of the opinion that the Investment Manager will continue to have the necessary expertise in providing the Investment Management Services to the Company in the future. The Directors (excluding the independent non-executive Directors who will express their view after considering the independent financial adviser's advice letter to be included in the circular) consider that:

- (a) the execution of the Sixth Supplemental Agreement and the Continuing Connected Transaction contemplated under the Sixth Supplemental Agreement are in the best interest of the Shareholders as a whole;

- (b) the Continuing Connected Transactions contemplated under the Sixth Supplemental Agreement are on normal commercial terms and in the ordinary and usual course of business of the Company; and
- (c) the terms of the Continuing Connected Transactions are fair and reasonable.

APPROVAL BY INDEPENDENT SHAREHOLDERS

(1) Basis upon which the New Caps are determined

The total estimated fees payable to the Investment Manager pursuant to the Investment Management Agreement for the period between 1 July 2011 to 30 June 2014 can be analysed with reference to the audited Net Asset Value of the Company of approximately US\$31 million as at 31 December 2010 and the projection of the management of the Company in respect of the movements in the Net Asset Value during the said period.

In determining the New Caps, the management of the Company has taken into consideration of the following factors:

- (a) the projected increase in value of its listed investment portfolio;
- (b) the projected increase in value of its unlisted investments portfolio based on factors such as listing plans and initial public offering valuations;
- (c) projected return of capital to Shareholders in the form of special dividends; and
- (d) ongoing operating expenses of the Company, when arriving at the movements.

The amount of Management and Administration Fee and Incentive Fee payable to the Investment Manager are then calculated based on their respective rates and methods.

(2) Approval by Independent Shareholders

Pursuant to rule 14A.35 of the Listing Rules, the Sixth Supplemental Agreement requires:

- (a) disclosure by way of announcement and reporting in the Company's next published annual report and accounts;
- (b) prior approval by the Independent Shareholders by poll; and
- (c) annual review by the independent non-executive directors and the auditors of the Company.

The Independent Shareholders will be asked to consider and, if thought fit, approve by poll the Sixth Supplemental Agreement at the AGM.

CONDITIONS TO THE APPROVAL

The Independent Shareholders' approval for the Sixth Supplemental Agreement and the Continuing Connected Transactions for the term of the Sixth Supplemental Agreement will be subject to the following conditions:

- (1) The Continuing Connected Transactions are:
 - (a) entered into in the ordinary and usual course of business of the Company;
 - (b) entered into on normal commercial terms or on terms no less favourable to the Company than terms available to (or from) independent third parties;
 - (c) entered into on terms that are fair and reasonable and in the interests of the Shareholders as a whole; and
 - (d) entered into in accordance with the terms and conditions of the Investment Management Agreement and the Sixth Supplemental Agreement supplementary thereto.
- (2) The total consideration of the Continuing Connected Transactions for any of the periods stipulated in Clause 7.03A of the Investment Management Agreement as amended by the Sixth Supplemental Agreement shall not exceed the corresponding New Cap set out in that clause.
- (3) Details of the Continuing Connected Transactions in each financial year shall be disclosed as required under rule 14A.46 of the Listing Rules in the Company's next and each successive annual report, each accompanied with a statement of the opinion of the independent non-executive Directors and the auditors of the Company as referred in paragraphs (4) and (6) below.
- (4) The independent non-executive Directors shall review annually the Continuing Connected Transactions and confirm in the Company's next and successive annual reports that the Continuing Connected Transactions are conducted in the manner as stated in (1) and (2) above.
- (5) The auditors of the Company will be given sufficient access to its relevant records for the purpose of the auditor's review; and
- (6) The auditors of the Company shall review the Continuing Connected Transactions annually and provide the Board (a copy of which shall be provided to the Stock Exchange) with a letter (the "**Auditors' Letter**") stating whether:
 - (a) the Continuing Connected Transactions have received the approval of the Board;
 - (b) the Continuing Connected Transactions have been entered into in accordance with the terms of the Investment Management Agreement as supplemented by the Sixth Supplemental Agreement; and
 - (c) the Continuing Connected Transactions have not exceeded the corresponding New Cap disclosed in this announcement.

If the Company knows or has reason to believe that the independent non-executive directors and/or the auditors will not be able to confirm the relevant matters set out above, the Company is required to promptly notify the Stock Exchange and publish an announcement.

If any terms of the Continuing Connected Transactions as mentioned above are altered or if the total consideration of the Continuing Connected Transactions for any of the periods stipulated in Clause 7.03A of the Investment Management Agreement as amended by the Sixth Supplemental Agreement exceeds the corresponding New Cap set out in that clause, the Company will have to re-comply with the relevant provisions under Chapter 14A of the Listing Rules.

CONNECTED RELATIONSHIP BETWEEN THE COMPANY AND THE INVESTMENT MANAGER

The listing of the Company was approved by the Stock Exchange as an investment company under Chapter 21 of the Listing Rules. Pursuant to Rule 21.13 of the Listing Rules, the Investment Manager, acting as the Company's investment manager licensed under the Securities and Futures Ordinance in Hong Kong, is a connected person for the purposes of the Listing Rules. Therefore, any transaction between the Company and the Investment Manager constitutes a connected transaction under Chapter 14A of the Listing Rules. The transactions contemplated under the Sixth Supplemental Agreement will constitute continuing connected transactions under Chapter 14A of the Listing Rules.

IMPLICATIONS UNDER THE LISTING RULES

The highest New Cap during the period from 1 July 2011 to 30 June 2014 is US\$5,500,000 and the applicable percentage ratios (as defined in the Listing Rules) are more than 25%. Pursuant to rule 14A.35 of the Listing Rules, the Continuing Connected Transactions are subject to reporting, announcement, annual review and Independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

BUSINESS OF THE COMPANY

The Company is an investment company to enable investment in companies and other entities established or having significant operations in or business with the PRC by non-PRC persons.

INFORMATION ABOUT THE INVESTMENT MANAGER AND ITS ULTIMATE BENEFICIAL OWNERS

The Investment Manager is an investment management company. The principal operations of the Investment Manager include: (i) management of investments and reinvestments of the assets of its clients in order to achieve the investment objectives and policies of its clients; (ii) evaluation of investment opportunities, implementation of investment and realization decisions, supervision of investments and preparation of valuations in relation to its clients' investments; and (iii) management of the corporate affairs and day-to-day administration of its clients.

The Investment Manager is a company owned as to 40% by SIGHK and 60% by SITCO, both companies are beneficially owned by SIG.

SIGHK is a company incorporated in Hong Kong and a wholly owned subsidiary of SIG, which is beneficially owned by Shanghai Municipal Government. SITCO is 66.3% owned and controlled by SIG. SITCO's principal business activities include the provision of financial trust, asset management and investment banking services in the greater Shanghai region. SITCO is also a Shareholder with an interest of 5.56% of the issued share capital of the Company.

GENERAL

SITCO is a 60% shareholder of the Investment Manager and is also a Shareholder with an interest of 5.56% of the issued share capital of the Company. Pursuant to the Listing Rules, SITCO and its associates will abstain from voting in the AGM to approve the Sixth Supplemental Agreement and all matters contemplated thereunder.

The Company has appointed Altus Capital Limited as an independent financial advisor to advise the Independent Board Committee and the Independent Shareholders in respect of the Continuing Connected Transactions.

A circular containing, among other things, (i) details of the Sixth Supplemental Agreement and the Continuing Connected Transactions; (ii) a letter from the independent financial adviser to the Independent Board Committee containing its advice to the Independent Board Committee on the approval of the Sixth Supplemental Agreement and the Continuing Connected Transactions; (iii) the recommendation of the Independent Board Committee regarding the approval of the Sixth Supplemental Agreement and the Continuing Connected Transactions; and (iv) a notice of the AGM will be dispatched to the Shareholders on or before 14 April 2011.

DEFINITIONS

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

“AGM”	means the annual general meeting of the Company to be held for the purpose of approving, inter alia, the Sixth Supplemental Agreement and the Continuing Connected Transactions
“Articles”	means the articles of association of the Company as revised and amended from time to time
“Board”	means the board of Directors
“Company”	means Shanghai International Shanghai Growth Investment Limited
“Continuing Connected Transactions”	means the provision of the Investment Management Services, being connected transactions between the Company and the Investment Manager, on a continuing basis pursuant to the terms of the Investment Management Agreement
“Directors”	means the directors of the Company
“Fifth Supplemental Agreement”	means the fifth supplemental agreement dated 28 March 2008 entered into between the Company and the Investment Manager

“Fourth Supplemental Agreement”	means the fourth supplemental agreement dated 11 April 2005 entered into between the Company and the Investment Manager
“Hong Kong”	means the Hong Kong Special Administrative Region of the PRC
“HK\$”	means Hong Kong dollars, the lawful currency of Hong Kong
“Incentive Fee”	means an incentive fee payable by the Company to the Investment Manager pursuant the Investment Management Agreement
“Independent Board Committee”	means the independent board committee of the Company constituted for the purpose of the Continuing Connected Transactions, comprising three independent non-executive Directors
“Independent Shareholder(s)”	means the Shareholder(s) other than SITCO and its respective associates (as defined in the Listing Rules)
“Investment Manager”	means Shanghai International Asset Management (HK) Co., Ltd
“Investment Management Agreement”	means the investment management and administration agreement dated 12 November 1993 entered into between the Company and the Investment Manager, as and when amended and supplemented from time to time by the Supplemental Agreement, the Second Supplemental Agreement, the Third Supplemental Agreement, the Fourth Supplemental Agreement and the Fifth Supplemental Agreement
“Investment Management Services”	means the provision of investment management services of the Investment Manager in relation to the investment, realization and reinvestment of assets and rights of the Company and services of the Investment Manager in relation to the administration of the Company pursuant to the Investment Management Agreement
“Listing Rules”	means the Rules Governing the Listing of Securities on the Stock Exchange, as amended from time to time
“Management and Administration Fee”	means an annual aggregate management and administration fee payable by the Company to the Investment Manager pursuant to the Investment Management Agreement

“Net Asset Value”	means the net asset value of the Company from time to time as calculated in accordance with the provisions of the Articles
“New Cap(s)”	means the maximum total fees, consisting of the Management and Administration Fee and the Incentive Fee, payable to the Investment Manager pursuant to Clauses 7.01 and 7.02 of the Investment Management Agreement for each of the periods stipulated in Clause 7.03A of the Investment Management Agreement as amended by the Sixth Supplemental Agreement
“PRC”	means the People’s Republic of China
“Quarter Day”	means 31 March, 30 June, 30 September and 31 December in each year
“Second Supplemental Agreement”	means the second supplemental agreement dated 12 September 2001 entered into between the Company and the Investment Manager
“Share(s)”	means the share(s) of the Company
“Shareholder(s)”	means the shareholder(s) of the Company
“SIG”	means Shanghai International Group Corp. Ltd., an institution beneficially owned by Shanghai Municipal Government
“SIGHK”	means Shanghai International Group (Hong Kong) Co., Ltd., a company incorporated in Hong Kong
“SITCO”	means Shanghai International Trust Corporation Limited, a company established in the PRC and controlled by SIG
“Sixth Supplemental Agreement”	means the sixth supplemental agreement dated 28 March 2011 entered into between the Company and the Investment Manager
“Stock Exchange”	means The Stock Exchange of Hong Kong Limited
“Supplemental Agreement”	means the supplemental agreement dated 22 January 2001 entered into between the Company and the Investment Manager

“Third Supplemental Agreement”	means the third supplemental agreement dated 3 November 2003 entered into between the Company and the Investment Manager
“US”	means the United States of America
“US\$”	means US dollars, the lawful currency of the US
“%”	means per cent

Note: For the purpose of this announcement,, unless indicated otherwise, all amounts in US\$ have been translated into HK\$ at an exchange rate of US\$1 to HK\$7.80 for the purpose of illustration only.

By order of the Board
Shanghai International Shanghai Growth Investment Limited
Andrew K.W. Liang
Company Secretary

Hong Kong, 28 March 2011

As at the date of this announcement, the Board comprises Dr. WANG Ching and Mr. WU Bin as executive directors; Dr. HUA Min, Mr. ONG Ka Thai and Mr. YICK Wing Fat, Simon as independent non-executive directors: and Mr. CHEN Chi-chuan, Mr. LEE Tien-chieh, Mr. TSENG Ta-mon and Mr. ZHU Zhongqun as non-executive directors.