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(Incorporated in Hong Kong with limited liability)

(Stock Code: 363)

CONNECTED TRANSACTION

ACQUISITION OF SHANGHAI PROPERTY

On 13 November 2012, the Purchaser (an indirect non-wholly owned subsidiary of the Company) entered into the Property Sale and Purchase Contracts with the Vendor, pursuant to which the Purchaser agreed to acquire the entire property interest in the Shanghai Property from the Vendor. The aggregate consideration for the Acquisition is RMB42,000,000 (equivalent to approximately HK\$51,814,000).

SIIC, the controlling shareholder of the Company, is authorized to operate SIIC Shanghai, a state-owned enterprise, and SIIC exercises the authority as a state-owned shareholder of SIIC Shanghai. As the Vendor is a wholly owned subsidiary of SIIC Shanghai, the Vendor is a connected person of the Company, and the Acquisition constitutes a connected transaction of the Company under Chapter 14A of the Listing Rules.

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

BACKGROUND

On 13 November 2012, the Purchaser (an indirect non-wholly owned subsidiary of the Company) entered into the Property Sale and Purchase Contracts with the Vendor, pursuant to which the Purchaser agreed to acquire the entire property interest in the Shanghai Property from the Vendor. The aggregate consideration for the Acquisition is RMB42,000,000 (equivalent to approximately HK\$51,814,000).

12/F SALE AND PURCHASE CONTRACT

Date

13 November 2012

Parties

- (a) the Vendor
- (b) the Purchaser

Assets to be acquired

Pursuant to the 12/F Sale and Purchase Contract, the Purchaser agreed to acquire the entire property interest in the 12th Floor of the Shanghai Property from the Vendor.

Consideration

The consideration for the acquisition of 12th Floor of the Shanghai Property is RMB21,000,000 (equivalent to approximately HK\$25,907,000), which shall be payable by the Purchaser to the Vendor in RMB and settled in cash.

The consideration shall be paid by the Purchaser to the Vendor at completion and will be funded by internal resources of the Group.

Completion

Completion shall take place on the date at which the relevant PRC property registration authority approves the transfer under the 12/F Sale and Purchase Contract.

15/F SALE AND PURCHASE CONTRACT

Date

13 November 2012

Parties

- (a) the Vendor
- (b) the Purchaser

Assets to be acquired

Pursuant to the 15/F Sale and Purchase Contract, the Purchaser agreed to acquire the entire property interest in the 15th Floor of the Shanghai Property from the Vendor.

Consideration

The consideration for the acquisition of 15th Floor of the Shanghai Property is RMB21,000,000 (equivalent to approximately HK\$25,907,000), which shall be payable by the Purchaser to the Vendor in RMB and settled in cash.

The consideration shall be paid by the Purchaser to the Vendor at completion and will be funded by internal resources of the Group.

Completion

Completion shall take place on the date at which the relevant PRC property registration authority approves the transfer under the 15/F Sale and Purchase Contract.

BASIS OF CONSIDERATION

The consideration for the Acquisition was arrived at after arm's length negotiations between the Vendor and the Purchaser, after taking into consideration the valuation of the Shanghai Property as of 31 August 2012 of approximately RMB41,779,000 (equivalent to approximately HK\$51,541,000), as appraised by an independent valuer.

Given that the Purchaser will have to bear the PRC deed tax of approximately RMB1,260,000 (equivalent to approximately HK\$1,554,000), the total initial investment in the Shanghai Property by the Group is estimated to be approximately RMB43,260,000 (equivalent to approximately HK\$53,368,000).

INFORMATION ABOUT THE SHANGHAI PROPERTY

The Shanghai Property is part of 仲盛金融中心 (Super Ocean Finance Center*), an office building located at No. 2067 Yan'an West Road, Changning District, Shanghai, the PRC, which is the prime region in Shanghai with public transportation facilities and commercial buildings nearby, and has a total of 28 floors and 2 basement floors.

The Shanghai Property has a total gross floor area of 2,321.06 square metres. Each of the 12th floor and the 15th floor of the Shanghai Property has a total gross floor area of 1,160.53 square metres. Each of the 12th and 15th floors of the Shanghai Property consists of 8 units, and were all rented out with an aggregate annual rental of RMB2,609,738 (equivalent to approximately HK\$3,220,000) for 2012.

The original cost incurred by the Vendor for the acquisition of the Shanghai Property was approximately RMB37,137,000 (equivalent to approximately HK\$45,814,000).

REASONS FOR AND BENEFITS OF THE ACQUISITION

The Board considers that the Acquisition will further enhance the property portfolio of the Group, and will generate further rental income at a market price which is fair and reasonable. The Board also considers that the Shanghai Property is located at a prime region, which is expected to benefit the business of the Group and may enjoy potential capital appreciation in its market value in the future. Hence, it would be appropriate for the Group to proceed with the Acquisition.

The Directors (including the independent non-executive Directors) consider that the terms of the Property Sale and Purchase Contracts and the Acquisition are on normal commercial terms, which are fair and reasonable and are in the interests of the Group and the shareholders of the Company as a whole. None of the Directors has any material interest in the Acquisition or the Property Sale and Purchase Contracts or is required to abstain from voting from the relevant resolutions of the Board on the Acquisition.

GENERAL

The Group is principally engaged in the business of infrastructure facilities, real estate and consumer products. The Purchaser is a wholly-owned subsidiary of SIDC and an indirect non-wholly owned subsidiary of the Company. SIDC and its subsidiaries are principally engaged in the business of property development, property investment and management.

SIIC Shanghai is principally engaged in the business of investment holding, local trading and the operation and management of state-owned assets within the authorized scope. The Vendor is principally engaged in the business of land development, land and infrastructure construction, land planning, investment management and business, investment and property consultation.

LISTING RULES IMPLICATIONS

SIIC, the controlling shareholder of the Company, is authorized to operate SIIC Shanghai, a state-owned enterprise, and SIIC exercises the authority as a state-owned shareholder of SIIC Shanghai. As the Vendor is a wholly owned subsidiary of SIIC Shanghai, the Vendor is a connected person of the Company, and the Acquisition constitutes a connected transaction of the Company under Chapter 14A of the Listing Rules.

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

DEFINITIONS

In this announcement, the following expressions have the meanings set out below unless the context requires otherwise.

"12/F Sale and Purchase Contract"	the Property Sale and Purchase Contract dated 13 November 2012 entered into between the Vendor and the Purchaser in relation to the sale and purchase of the entire property interest in the 12th floor of the Shanghai Property
"15/F Sale and Purchase Contract"	the Property Sale and Purchase Contract dated 13 November 2012 entered into between the Vendor and the Purchaser in relation to the sale and purchase of the entire property interest in the 15th floor of the Shanghai Property
"Acquisition"	the acquisition by the Purchaser from the Vendor of the entire property interest in the Shanghai Property pursuant to the Property Sale and Purchase Contracts
"Board"	the board of Directors
"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", "subsidiary"	each has the meaning ascribed to it in the Listing Rules
"Director(s)"	the directors of the Company
"Group"	the Company and its subsidiaries
"HK\$"	Hong Kong dollars, the lawful currency of Hong Kong
"Hong Kong"	the Hong Kong Special Administrative Region of the PRC
"Listing Rules"	the Rules Governing the Listing of Securities on the Stock Exchange
"PRC"	The People's Republic of China (for the purpose of this announcement, excluding Hong Kong and Macao Special Administrative Region)
"Property Sale and Purchase Contracts"	collectively, the 12/F Sale and Purchase Contract and the 15/F Sale and Purchase Contract

"Purchaser"	上海上實南開地產有限公司 (Shanghai SIIC Nankai Property Co., Ltd.*), a company incorporated under the laws of the PRC and a wholly-owned subsidiary of SIDC
"RMB"	Renminbi, the lawful currency of the PRC
"Shanghai Property"	12th and 15th floors of the office building known as 仲盛金融中心 (Super Ocean Finance Center*), located at No. 2067 Yan'an West Road, Changning District, Shanghai, the PRC, with a total gross floor area of 2,321.06 square metres
"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 held as to 63.65% by the Company and the shares of which are listed on A Shares Market of the Shanghai Stock Exchange (stock code: 600748)
"SIIC"	Shanghai Industrial Investment (Holdings) Company Limited (上海實業(集團)有限公司), a company incorporated in Hong Kong with limited liability and the controlling shareholder of the Company
"SIIC Shanghai"	上海上實(集團)有限公司 (SIIC Shanghai Holdings Co., Ltd.*), a company incorporated in the PRC with limited liability with SIIC as the authorized representative exercising state-owned shareholder's right over it
"Stock Exchange"	The Stock Exchange of Hong Kong Limited
"Vendor"	上海實業半島發展有限公司 (Shanghai Industrial Island Development Co., Ltd.*), a company incorporated under the laws of the PRC
"%"	per cent.

In this announcement, RMB has been converted to HK\$ at the rate of RMB0.8106 = 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, 13 November 2012

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

Executive Directors:

Mr. Teng Yi Long, Mr. Zhou Jie, Mr. Lu Ming Fang, Mr. Lu Shen, Mr. Zhou Jun and Mr. Qian Yi

Independent non-executive Directors:

Dr. Lo Ka Shui, Prof. Woo Chia-Wei, Mr. Leung Pak To, Francis and Mr. Cheng Hoi Chuen, Vincent

** for identification purpose only*