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(Incorporated in Hong Kong with limited liability)

(Stock code: 363)

CONNECTED TRANSACTION

INCREASE OF CAPITAL CONTRIBUTION TO SHANGHAI GALAXY

On 21 May 2013, the shareholders of Shanghai Galaxy (comprising SIIC Shanghai and Hu-Ning Expressway, which is an indirect wholly-owned subsidiary of the Company) have agreed to each make an additional capital contribution of RMB100,000,000 (equivalent to approximately HK\$125,000,000) to the registered capital of Shanghai Galaxy. The registered capital of Shanghai Galaxy will accordingly be increased from RMB128,000,000 (equivalent to approximately HK\$160,000,000) to RMB328,000,000 (equivalent to approximately HK\$410,000,000). After the Capital Increase, the percentage shareholding of SIIC Shanghai and Hu-Ning Expressway will remain unchanged at 50% each.

SIIC is the controlling shareholder of the Company holding approximately 57.03% of the entire issued capital of the Company, and is therefore a connected person of the Company. SIIC Shanghai is a state-owned enterprise and SIIC exercises the authority as a state-owned shareholder of SIIC Shanghai. SIIC Shanghai holds 50% of the registered capital of Shanghai Galaxy. Shanghai Galaxy is therefore an associate of SIIC and a connected person of the Company. Accordingly, the Capital Increase constitutes a connected transaction of the Company under Chapter 14A of the Listing Rules. As one or more of the applicable percentage ratios in respect of the Capital Increase exceeds 0.1% but is less than 5%, such transaction 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.

INCREASE OF CAPITAL CONTRIBUTION

The Board announces that on 21 May 2013, the shareholders of Shanghai Galaxy (comprising SIIC Shanghai and Hu-Ning Expressway, which is an indirect wholly-owned subsidiary of the Company) have agreed to each make an additional capital contribution of RMB100,000,000 (equivalent to approximately HK\$125,000,000) to the registered capital of Shanghai Galaxy (the “**Capital Increase**”). The Board has approved the Capital Increase on the same day. As a result of the Capital Increase, the registered capital of Shanghai Galaxy will accordingly be increased from

RMB128,000,000 (equivalent to approximately HK\$160,000,000) to RMB328,000,000 (equivalent to approximately HK\$410,000,000). After the Capital Increase, the percentage shareholding of SIIC Shanghai and Hu-Ning Expressway will remain unchanged at 50% each.

Such capital contribution shall be made by SIIC Shanghai and Hu-Ning Expressway in cash no later than June 2013 and will be funded by their respective internal resources.

The amount of capital to be contributed by SIIC Shanghai and Hu-Ning Expressway to Shanghai Galaxy was determined with reference to the working capital currently available to Shanghai Galaxy, and Shanghai Galaxy's capital requirements for its infrastructure investment projects.

INFORMATION ON SHANGHAI GALAXY

Shanghai Galaxy is a sino-foreign joint venture incorporated in the PRC with limited liability. Its business scope includes direct investment, asset management and other consultation businesses.

As at the date of this announcement, the registered capital of Shanghai Galaxy is 50% owned by SIIC Shanghai and 50% owned by Hu-Ning Expressway.

Financial Information on Shanghai Galaxy

The audited profits before taxation and the profit after taxation of Shanghai Galaxy for the two years ended 31 December 2012 and 2011, which were prepared in accordance with generally accepted accounting principles in the PRC, were as follows:

	Year ended 31 December	
	2012	2011
	<i>RMB</i>	<i>RMB</i>
Profit/(Loss) before taxation	10,969,000	(28,025,000)
	(equivalent to approximately HK\$13,711,000)	(equivalent to approximately HK\$(35,031,000))
Profit/(Loss) after taxation	8,227,000	(21,018,000)
	(equivalent to approximately HK\$10,284,000)	(equivalent to approximately HK\$(26,273,000))

The audited net asset value and the audited total asset value of Shanghai Galaxy as at 31 December 2012 was approximately RMB773,324,000 (equivalent to approximately HK\$966,655,000) and approximately RMB752,578,000 (equivalent to approximately HK\$940,723,000) respectively.

Shanghai Galaxy is equity accounted for as an associated company in the consolidated financial statements of the Company, and will continue to be so accounted for upon completion of the Capital Increase.

REASONS FOR AND BENEFITS OF THE TRANSACTION

Shanghai Galaxy is principally engaged in direct investment, asset management and other consultation businesses.

The Group acquired a 20% equity interest in Shanghai Galaxy in 2009, which was increased to 50% in 2011, and has engaged Shanghai Galaxy to provide asset management services. The Group shares the profits of Shanghai Galaxy as well as receives the net return from the investment entrusted to Shanghai Galaxy pursuant to an asset management entrustment agreement, and obtained approximately RMB35,160,000 (equivalent to approximately HK\$43,950,000) and RMB32,000,000 (equivalent to approximately HK\$40,000,000) in the financial years ended 31 December 2011 and 2012 respectively.

In the past few years, Shanghai Galaxy has been actively exploring new business areas outside of investment in the PRC capital markets and asset management. The Capital Increase is expected to provide funds to support Shanghai Galaxy's infrastructure investment projects and to support its expansion.

The Board (including the independent non-executive Directors) believes that the terms of the Capital Increase are fair and reasonable and in the interests of the shareholders of the Company as a whole. None of the Directors has a material interest in the Capital Increase or was required to abstain from voting from the relevant resolutions of the Board. However, Mr. Zhou Jun, who is also a director of Shanghai Galaxy, has voluntarily abstained from voting on the resolution approving the Capital Increase.

LISTING RULES IMPLICATIONS

Hu-Ning Expressway is an indirect wholly-owned subsidiary of the Company.

SIIC is the controlling shareholder of the Company holding approximately 57.03% of the entire issued capital of the Company, and is therefore a connected person of the Company. SIIC is authorised to operate SIIC Shanghai, a state-owned enterprise which holds 50% of the registered capital of Shanghai Galaxy. Shanghai Galaxy is therefore an associate of SIIC and a connected person of the Company.

Accordingly, the Capital Increase constitutes a connected transaction of the Company under Chapter 14A of the Listing Rules. As one or more of the applicable percentage ratios in respect of the Capital Increase exceeds 0.1% but is less than 5%, the Capital Increase is subject to the reporting and announcement requirements, but is exempt from the independent shareholders' approval requirement under Chapter 14A of the Listing Rules.

GENERAL

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

SIIC Shanghai is principally engaged in investment holding and property investment.

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
“Capital Increase”	the contribution of additional capital in the amount of RMB100,000,000 each by Hu-Ning Expressway and SIIC Shanghai to Shanghai Galaxy
"Company"	Shanghai Industrial Holdings Limited, a company incorporated in Hong Kong with limited liability, whose shares are listed on the Main Board of the Stock Exchange
"Director(s)"	the director(s) 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
“Hu-Ning Expressway”	上海滬寧高速公路（上海段）發展有限公司 (Shanghai Hu-Ning Expressway (Shanghai Section) Co., Ltd.), a company incorporated in the PRC and an indirect wholly-owned subsidiary of the Company
"Listing Rules"	Rules Governing the Listing of Securities on the Stock Exchange
"PRC"	the People's Republic of China, for the purpose of this announcement only, excluding Hong Kong and Macau Special Administrative Regions and Taiwan
“RMB”	Renminbi, the lawful currency of the PRC
“Shanghai Galaxy”	上海星河數碼投資有限公司, a sino-foreign joint venture established in the PRC with limited liability of which 50% is owned by Hu-Ning Expressway and 50% by SIIC Shanghai
“SIIC”	Shanghai Industrial Investment (Holdings) Company Limited, a company incorporated in Hong Kong with limited liability and the controlling shareholder of the Company

“SIIC Shanghai”	SIIC Shanghai Holdings Co., Ltd. 上海上實(集團)有限公司, a company incorporated in the PRC with limited liability with SIIC as the authorised representative exercising state-owned shareholder’s right over it
“Stock Exchange”	The Stock Exchange of Hong Kong Limited

For the purposes of this announcement, the exchange rate of HK\$1.00 = RMB0.8 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, 21 May 2013

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

Executive Directors:

Mr. Teng Yi Long, Mr. Zhou Jie, Mr. Lu Shen, Mr. Zhou Jun, Mr. Xu Bo 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