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(Incorporated in Hong Kong with limited liability)

(stock code: 363)

CONNECTED TRANSACTION

ESTABLISHMENT OF JOINT VENTURE IN SICHUAN PROVINCE

The Board is pleased to announce that the Joint Venture Company was established on 6 November 2013 for the purpose of undertaking the Business in Sichuan province in the PRC. The shareholders of the Joint Venture Company comprise SIIC Wuhan, an indirectly held subsidiary of the Company, Sichuan Development and Shanghai Galaxy.

As at the date of this announcement, SIIC Wuhan is an indirectly held subsidiary of the Company. SIIC is the controlling shareholder of the Company holding approximately 57.23% of the entire issued capital of the Company, and is therefore a connected person of the Company. SIIC indirectly 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 Transaction constitutes a connected transaction of the Company under Chapter 14A of the Listing Rules. As one of the applicable percentage ratios in respect of the Transaction exceeds 0.1% but is less than 5%, the Transaction is subject to the reporting and announcement requirements, but is exempt from the independent shareholders' approval requirement under Chapter 14A of the Listing Rules.

FORMATION OF JOINT VENTURE COMPANY

The Board is pleased to announce that the Joint Venture Company was established on 6 November 2013 for the purpose of undertaking the business of investment in environmental protection, including but not limited to, water industry and new energy projects, and related assets management in Sichuan province in the PRC (the “**Business**”). The shareholders of the Joint Venture Company comprise SIIC Wuhan, an indirectly held subsidiary of the Company, Sichuan Development and Shanghai Galaxy.

The structure of the current registered capital of the Joint Venture Company is as follows:

Joint Venture Party	Capital Contribution (RMB)	Shareholding Percentage
SIIC Wuhan	12,000,000	30%
Sichuan Development	16,000,000	40%
Shanghai Galaxy	12,000,000	30%
Current total registered capital	40,000,000	100%

Pursuant to the Shareholders' Agreement and the potential funding needs of the Joint Venture Company, the parties have agreed that the registered capital of the Joint Venture Company shall be RMB200,000,000 (equivalent to approximately HK\$253,453,000), to be paid up in cash within five years from the establishment of the Joint Venture Company, in the same proportions as above. As such, SIIC Wuhan's total capital contribution would amount to an aggregate of RMB60,000,000 (equivalent to approximately HK\$76,036,000). The investment of SIIC Wuhan in the Joint Venture Company will be funded by internal resources.

The board of directors of the Joint Venture Company comprises five members: two directors appointed by Sichuan Development and three directors jointly appointed by SIIC Wuhan and Shanghai Galaxy.

REASONS FOR AND BENEFITS OF THE TRANSACTION

Sichuan province is a water scarce province in the PRC, where a significant proportion of the population in the province encounters water shortages. In line with the various nationwide initiatives and policies, the water industry in Sichuan province is expected to undergo significant development and growth during the next 5-year period. The potential promising market and steady income growth make Sichuan province a very attractive investment region for water industry.

As such, the Board believes that by leveraging on the relevant experience, capability and resources of Sichuan Development and Shanghai Galaxy, the Transaction presents a timely opportunity to the Group to tap into the Business to take advantage of the potential of the water industry in Sichuan province.

The Board (including the independent non-executive Directors) believes that the terms of the Shareholders' Agreement 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 Transaction or was required to abstain from voting on the relevant resolutions of the Board. However, Mr. Zhou Jun, who is also a director and chairman of Shanghai Galaxy and SIIC Environment, has voluntarily abstained from voting on the resolution approving the Transaction.

LISTING RULES IMPLICATIONS

As at the date of this announcement, SIIC Wuhan is a wholly-owned subsidiary of SIIC Environment. The Company is a controlling shareholder of SIIC Environment, currently indirectly holding 2,762,841,132 shares, representing 50.33% of its total issued share capital. SIIC Wuhan is therefore an indirectly held subsidiary of the Company.

SIIC is the controlling shareholder of the Company holding approximately 57.23% 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. Each of SIIC Shanghai and Hu-Ning Expressway, a wholly-owned subsidiary of the Company, 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 Transaction constitutes a connected transaction of the Company under Chapter 14A of the Listing Rules. As one of the applicable percentage ratios in respect of the Transaction exceeds 0.1% but is less than 5%, the Transaction 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.

Shanghai Galaxy specializes in financial investment, asset management and relevant businesses under SIIC, the controlling shareholder of the Company. Shanghai Galaxy's business includes direct investments, asset management and other consultation business. In the recent years, Shanghai Galaxy has been focusing on the clean energy arena, and has made several strategic investments in the related fields. As at the date of this announcement, the equity interest of Shanghai Galaxy is held in equal proportions by each of SIIC and Hu-Ning Expressway, a wholly-owned subsidiary of the Company.

Sichuan Development is a fund management company which has undertaken various institutional investments with vast experience in organizing and leading the formation of industrial related funds. As at 30 June 2013, the size of its industrial related fund was approximately RMB8.6 billion (equivalent to approximately HK\$10.9 billion). Sichuan Development is an independent third party of the Company.

DEFINITIONS

In this announcement, unless the context requires otherwise, the following terms have the meanings set out below:

“Board”	the board of Directors
“Business”	as defined in the section headed “Formation of Joint Venture Company” in this announcement
“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
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“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
“Joint Venture Company”	Sichuan SIIC Environment Investment Development Co., Ltd. (四川上海實業環境投資發展有限公司), the joint venture company established in the PRC on 6 November 2013
“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 only, excluding Hong Kong, Macau Special Administrative Region of the PRC and Taiwan
“RMB”	Renminbi, the lawful currency of the PRC
“Shanghai Galaxy”	Shanghai Galaxy Investment Co., Ltd. (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, and therefore a connected person of the Company
“Shareholders’ Agreement”	the shareholders’ agreement entered into among SIIC Wuhan, Shanghai Galaxy and Sichuan Development, where the parties have agreed that the registered capital of the Joint Venture Company shall be RMB200,000,000 (equivalent to approximately HK\$253,453,000) to be paid up within five years from the incorporation of the Joint Venture Company

“Sichuan Development”	Sichuan Development Equity Investment Fund Management Co., Ltd. (四川發展股權投資基金管理有限公司), an independent third party 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
“SIIC Environment”	SIIC Environment Holdings Ltd. (上海實業環境控股有限公司), a company incorporated in Singapore with limited liability whose shares are listed on the Mainboard of the Singapore Exchange Securities Trading Limited (SGX stock code: 5GB) and a non-wholly owned subsidiary of the Company
“SIIC Wuhan”	SIIC Environment Holdings (Wuhan) Co., Ltd. (上海實業環境控股(武漢)有限公司), a company incorporated in the PRC with limited liability and a wholly-owned subsidiary of SIIC Environment, and therefore an indirectly held subsidiary of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Transaction”	the formation of the Joint Venture Company contemplated under the Shareholders’ Agreement

For the purposes of this announcement, the exchange rate of HK\$1.00 = RMB0.7891 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, 15 November 2013

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

Executive Directors:

Mr. Wang Wei, 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