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(Incorporated in Hong Kong with limited liability)

(Stock Code: 363)

CONNECTED TRANSACTION

ACQUISITION OF INTEREST IN SHANGHAI DENTAL INSTRUMENT FACTORY CO., LTD.

The Shanghai Medical Acquisition

The Board is pleased to announce that on 4 June 2014, Wing Fat Printing entered into the Shanghai Medical Contract with Shanghai Medical Instrument, which is a connected person of the Company. Pursuant to the Shanghai Medical Contract, Wing Fat Printing shall acquire from Shanghai Medical Instrument the Shanghai Medical Sale Interest. Wing Fat Printing shall also repay, on behalf of Shengli Medical, the Shengli Medical Shareholder's Loan. The consideration for this acquisition therefore comprises:

- RMB8,505,525 (equivalent to approximately HK\$10,609,000), such amount being equivalent to the value of the Shanghai Medical Sale Interest calculated based on the Valuation Report; and
- the principal and the accrued interest of the Shengli Medical Shareholder's Loan as at completion of the Shanghai Medical Acquisition, which Wing Fat Printing will repay to Shanghai Medical Instrument on behalf Shengli Medical. As of 31 May 2014, the principal and the accrued interest of the Shengli Medical Shareholder's Loan were RMB66,112,182.21 (equivalent to approximately HK\$82,465,000) and RMB9,208,802.30 (equivalent to approximately HK\$11,487,000), respectively.

The ACCS Acquisition

On 4 June 2014, Wing Fat Printing also entered into the ACCS Contract with ACCS, an independent third party of the Company. Pursuant to the ACCS Contract, Wing Fat Printing shall acquire from ACCS the ACCS Sale interest. The consideration for the ACCS Sale interest is based on the Valuation Report. The consideration for the ACCS Acquisition is RMB2,835,175 (equivalent

to approximately HK\$3,536,000, such amount being equivalent to the value of the ACCS Sale Interest calculated based on the Valuation Report.

Listing Rules Implications

As at the date of this announcement, the Company beneficially owns approximately 93.47% of the total number of issued shares in Wing Fat Printing. As Shanghai Medical Instrument is an indirect subsidiary of SIIC (which is a controlling shareholder of the Company), it is therefore a connected person of the Company under the Listing Rules. The Shanghai Medical Acquisition therefore constitutes a connected transaction of the Company. As one or more of the applicable percentage ratios of the Shanghai Medical Acquisition exceed 0.1% but are less than 5%, the Shanghai Medical Acquisition is exempt from independent shareholders' approval requirement but is subject to the reporting and announcement requirements under Chapter 14A of the Listing Rules.

In addition, as the Shanghai Medical Acquisition and the ACCS Acquisition will be completed within a 12-month period and both transactions relate to the acquisition of interests in Shengli Medical, the Directors consider that the Acquisitions are related and shall be aggregated pursuant to Rule 14.22 of the Listing Rules. However, as none of the applicable percentage ratios of the Acquisitions exceeds 5% after such aggregation, the Acquisitions are exempt from the notification, reporting and shareholders' approval requirements under Chapter 14 of the Listing Rules.

THE ACQUISITIONS

The Shanghai Medical Acquisition

Date

4 June 2014

Parties

Vendor: Shanghai Medical Instrument

Purchaser: Wing Fat Printing

Acquisition

Subject to the terms of the Shanghai Medical Contract, Wing Fat Printing agrees to acquire, and Shanghai Medical Instrument agrees to sell the Shanghai Medical Sale Interest, representing 75% equity interest in Shengli Medical.

Consideration

The consideration for the Shanghai Medical Sale Interest shall be RMB8,505,525 (equivalent to approximately HK\$10,609,000). The consideration was arrived at after arm's length negotiations between Shanghai Medical Instrument and Wing Fat Printing, and was equivalent to 75% of the Shengli Medical Appraised Value as set out in the Valuation Report.

In addition, Wing Fat Printing will repay the principal and the accrued interest of the Shengli Medical Shareholder's Loan to Shanghai Medical Instrument on behalf of Shengli Medical.

Pursuant to the Shanghai Medical Contract, payment for the Shanghai Medical Sale Interest shall be paid within the five (5) Business Days period commencing from the day after the effective date of the Shanghai Medical Contract, and the Shengli Medical Shareholder's Loan shall be repaid within five (5) Business Days from the successful registration of the transfer of the Shanghai Medical Sale Interest under the name of Wing Fat Printing by the relevant PRC government authority(ies). The payments will be satisfied by Wing Fat Printing's internal resources.

Undertaking of Wing Fat Printing

All the obligations and liabilities arising from the debts of Shengli Medical from the Reference Date to the completion of the Shanghai Medical Acquisition will be borne by Wing Fat Printing.

Pre-Completion Entrustment

From the fifth (5th) Business Day after signing of the Shanghai Medical Contract until completion of the Shanghai Medical Acquisition, the Shanghai Medical Sale Interest will be entrusted to Wing Fat Printing (the "**Entrustment**"). During the Entrustment, Wing Fat Printing will enjoy all the rights and bear all the obligations of the Shanghai Medical Sale Interest. If Shengli Medical has to make major business decisions which may result in significant gains or losses on its underlying assets during the Entrustment, it shall consult Wing Fat Printing prior to making any such decisions.

The Entrustment will be terminated if:

- (a) the Shanghai Medical Contract is not approved by any relevant PRC regulatory authorities; or
- (b) the Shanghai Medical Contract needs to be terminated due to a force majeure event.

Shengli Medical, Shanghai Medical Instrument and Wing Fat Printing will jointly audit and handover the assets and accounts of Shengli Medical within five (5) Business Days after any of the events listed in (a) and (b) above occurs and arrange the termination of the Entrustment accordingly. All the obligations and liabilities arising from the debts of Shengli Medical during the Entrustment and other relevant issues will be resolved through negotiations by all parties. If any issue cannot be resolved through negotiations, it will be handled according to relevant laws.

Completion

Completion shall take place upon the approval of the transfer of the Shanghai Medical Sale Interest by the relevant PRC government authorit(ies).

The ACCS Acquisition

On 4 June 2014, Wing Fat Printing also entered into the ACCS Contract, pursuant to which Wing Fat Printing agrees to acquire, and ACCS agrees to sell the ACCS Sale Interest, representing 25% equity interest in Shengli Medical.

Consideration

The consideration for the ACCS Sale Interest shall be RMB2,835,175 (equivalent to approximately HK\$3,536,000). The consideration was arrived at after arm's length negotiations between ACCS and Wing Fat Printing, and was equivalent to 25% of the Shengli Medical Appraised Value as set out in the Valuation Report. The consideration will be satisfied by Wing Fat Printing's internal resources.

Completion

Completion shall take place upon the approval of the transfer of the ACCS Sale Interest by the relevant PRC government authorit(ies).

PROFIT FORECAST REQUIREMENT UNDER THE LISTING RULES

The Shengli Medical Appraised Value as set out in the Valuation Report was derived using the income method based on the discounted future estimated cash flows of Shengli Medical. As a result, the Valuation Report constitutes a profit forecast under Rule 14.61 of the Listing Rules. This announcement is therefore subject to the requirements under Rules 14.60A and 14.62 of the Listing Rules in relation to profit forecasts.

Assumptions of valuation

The principal assumptions, including commercial assumptions, upon which the Valuation Report was based are as follows:

- all investors transfer the equity interest of Shengli Medical in open market, and each investor has the opportunities and time to obtain sufficient market information and acts in a willing and wise way free from oppression;
- Shengli Medical will continue to operate in accordance with its current business plans and objectives, and all permits for its operation and product development have been, and shall remain, valid and effective;

- there is no material changes in PRC's macroeconomic policies and the economic and social environment where Shengli Medical operates and is located;
- there is no material change in the existing laws, regulations and economic policies relevant to Shengli Medical, and the industry in which Shengli Medical operates remains in steady development;
- there is no material change in lending rates, interests rates, exchange rates and tax rates during the forecast period; and
- the information provided by Shanghai Medical Instrument and Wing Fat Printing is valid, true and complete.

Confirmations

Messrs. Deloitte Touche Tohmatsu, acting as the Company's auditor, has examined the calculations of the discounted future estimated cash flows in which the Valuation Report was based, which do not involve the adoption of accounting policies in its preparation.

Messrs. Deloitte Touche Tohmatsu has reported to the directors of the Company in respect of the compilation, in accordance with the assumptions described above, of the discounted future estimated cash flows in connection with the valuation of the 100% shareholders' equity interests in Shengli Medical prepared by Yin Xin Asset Valuer as set out in its appraisal report dated 30 April 2014.

The Directors confirm that the valuation of the shareholders' equity interests in Shengli Medical has been made after due and careful enquiry.

A letter from Messrs. Deloitte Touche Tohmatsu in compliance with Rule 14.62(2) of the Listing Rules dated 4 June 2014 and a letter from the Board in compliance with Rule 14.62(3) of the Listing Rules have been submitted to the Stock Exchange, the texts of which are included in Appendix I and Appendix II to this announcement, respectively.

Experts and consents

The qualifications of the experts who have given their statements in this announcement are as follows:

Name	Qualification
Yin Xin Asset Valuer	an independent professional asset valuer commissioned by Shanghai Medical Instrument and Wing Fat Printing for the Acquisitions. It is established to provide asset valuation services in the PRC

To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, Yin Xin Asset Valuer is an independent third party of the Group and its connected persons. As at the date of this announcement, neither Yin Xin Asset Valuer nor Messrs. Deloitte Touche Tohmatsu has any shareholding, directly or indirectly, in any member of the Group or any right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in any member of the Group.

Each of Yin Xin Asset Valuer and Messrs. Deloitte Touche Tohmatsu has given and has not withdrawn its respective written consent to the issue of this announcement with inclusion of its name, statements and all references to its name (including its qualification) in the form and context in which they are included.

INFORMATION ON SHENGLI MEDICAL

Shengli Medical is a sino-foreign joint venture with limited liability established in the PRC with a registered capital of US\$1,600,000. As at the date of this announcement, the total equity interest in Shengli Medical is owned by Shanghai Medical Instrument as to 75% and by ACCS as to 25%. Shengli Medical carries on the business of production of medical equipment and different kinds of paper-packaging products. After completion of the Acquisitions, Shengli Medical will become a wholly-owned subsidiary of Wing Fat Printing.

Financial information

The net loss of Shengli Medical for the two years ended 31 December 2012 and 2013 were RMB930,023 (equivalent to approximately HK\$1,160,000) and RMB1,961,015 (equivalent to approximately HK\$2,446,000) respectively, which were audited and prepared in accordance with generally accepted accounting principles in the PRC.

The audited consolidated total asset value of Shengli Medical as at the Reference Date was RMB64,946,152 (equivalent to approximately HK\$81,011,000).

Upon completion of the Acquisitions, Shengli Medical shall become a subsidiary of the Group and shall be accounted for as such in the Group's consolidated financial statements.

INFORMATION ON SHANGHAI MEDICAL INSTRUMENT

Shanghai Medical Instrument is a company limited by shares incorporated in the PRC with a registered capital of RMB127,000,000. As at the date of this announcement, Shanghai Medical Instrument is an indirect subsidiary of SIIC, which is a controlling shareholder of the Company. Shanghai Medical Instrument is primarily engaged in the design, manufacture, development and sales of medical equipment and related products.

INFORMATION ON WING FAT PRINTING AND THE GROUP

Wing Fat Printing is engaged in the business of printing of packaging materials.

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

REASONS FOR AND BENEFITS OF THE ACQUISITIONS

Shengli Medical has engaged in the business of pulp mould production since 2008 with sophisticated production technique and first-class equipment in the domestic market, thereby possessing the capability to produce high-end pulp mould products. The Acquisitions will facilitate Wing Fat Printing to enter into the pulp moulding business which enables it to achieve breakthroughs on business development and bring new profit sources. It is believed that the pulp moulding business will attract quality customers and obtain stable sales for the Group to boost profit growth.

The Board (including the independent non-executive Directors) believes that the terms of the Shanghai Medical Contract and the ACCS Contract 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 Acquisitions or was required to abstain from voting on the relevant resolutions of the Board.

LISTING RULES IMPLICATIONS

Prior to the completion of the Acquisitions, the total equity interest in Shengli Medical is owned by Shanghai Medical Instrument as to 75% and by ACCS as to 25%.

As at the date of this announcement, the Company beneficially owns approximately 93.47% of the total number of issued shares in Wing Fat Printing. As Shanghai Medical Instrument is an indirect subsidiary of SIIC (which is a controlling shareholder of the Company), it is therefore a connected person of the Company under the Listing Rules. The Shanghai Medical Acquisition therefore constitutes a connected transaction of the Company. As one or more of the applicable percentage ratios of the Shanghai Medical Acquisition exceed 0.1% but are less than 5%, the Shanghai Medical Acquisition is exempt from independent shareholders' approval requirement but is subject to the reporting and announcement requirements under Chapter 14A of the Listing Rules.

In addition, as the Shanghai Medical Acquisition and the ACCS Acquisition will be completed within a 12-month period and both transactions relate to the acquisition of interests in Shengli Medical, the Directors consider that the Acquisitions are related and shall be aggregated pursuant to Rule 14.22 of the Listing Rules. However, as none of the applicable percentage ratios of the Acquisitions exceeds 5% after such aggregation, the Acquisitions are exempt from the notification, reporting and shareholders' approval requirements under Chapter 14 of the Listing Rules.

DEFINITIONS

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

“ACCS”	ACCS Products Inc., a company incorporated in Illinois, the United States of America with limited liability and an independent third party of the Company
“ACCS Acquisition”	the acquisition of 25% of the equity interest in Shengli Medical from ACCS by Wing Fat Printing pursuant to the ACCS Contract
“ACCS Contract”	the equity interest transfer contract dated 4 June 2014 entered into between ACCS and Wing Fat Printing in relation to the ACCS Acquisition
“ACCS Sale Interest”	25% equity interest in Shengli Medical
“Acquisitions”	the ACCS Acquisition and the Shanghai Medical Acquisition
“Board”	the board of directors of the Company
“Business Day”	a day on which banks are open for general business in the PRC
“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
“connected person”	has the meaning ascribed to it under the Listing Rules
“Director(s)”	the directors of the Company
“Entrustment”	as defined in the section headed “The Acquisitions” in this announcement
“Group”	the Company and its subsidiaries
“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 which for the purpose of this announcement, excludes Hong Kong, Macau Special Administrative Region and Taiwan

“Reference Date”	31 December 2013
“Shanghai Medical Acquisition”	the acquisition of 75% of the equity interest in Shengli Medical from Shanghai Medical Instrument by Wing Fat Printing and the repayment of the Shengli Medical Shareholder’s Loan to Shanghai Medical Instrument by Wing Fat Printing pursuant to the Shanghai Medical Contract
“Shanghai Medical Contract”	the equity interest transfer contract dated 4 June 2014 entered into between Shanghai Medical Instrument and Wing Fat Printing in relation to the Shanghai Medical Acquisition
“Shanghai Medical Instrument”	Shanghai Medical Instruments Co., Ltd. (上海醫療器械股份有限公司), a company established in the PRC and a connected person of the Company by virtue of its being an indirect subsidiary of SIIC
“Shanghai Medical Sale Interest”	75% equity interest in Shengli Medical
“Shengli Medical”	Shanghai Dental Instrument Factory Co., Ltd. (上海勝利醫療器械有限公司), a sino-foreign investment company with limited liability established in the PRC with a registered capital of US\$1,600,000
“Shengli Medical Appraised Value”	the total value of the shareholders’ equity interest in Shengli Medical, being RMB11,340,700 (equivalent to approximately HK\$14,146,000) pursuant to the Valuation Report
“Shengli Medical Shareholder’s Loan”	the shareholder’s loan that Wing Fat Printing will repay to Shanghai Medical Instrument on behalf of Shengli Medical. As of 31 May 2014, the principal and the accrued interest of the loan were RMB66,112,182.21 (equivalent to approximately HK\$82,465,000) and RMB9,208,802.30 (equivalent to approximately HK\$11,487,000), respectively
“SIIC”	Shanghai Industrial Investment (Holdings) Company Limited, a company incorporated in Hong Kong with limited liability and a controlling shareholder of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“subsidiary”	has the meaning ascribed to it under the Listing Rules
“Valuation Report”	the valuation report dated 30 April 2014 issued by Yin Xin Asset Valuer regarding the valuation of the shareholders’ entire equity interests in Shengli Medical as at the Reference Date

“Wing Fat Printing”	The Wing Fat Printing Company, Limited, a company incorporated under the laws of Hong Kong with limited liability, whose issued share capital is indirectly owned as to approximately 93.47% by the Company
“Yin Xin Asset Valuer”	銀信資產評估有限公司 (Yin Xin Asset Valuation Company Limited), an independent professional asset valuer commissioned by Shanghai Medical Instrument and Wing Fat Printing for the purpose of issuing the Valuation Report
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“RMB”	Renminbi, the lawful currency of the PRC
“US\$”	US dollars, the lawful currency of the United States of America
“%”	per cent

English names of the PRC established companies/entities in this announcement are only translations of their official Chinese names. In case of inconsistency, the Chinese names prevail.

For the purposes of this announcement, the exchange rate of HK\$1.00 = RMB0.8017 has been used, where applicable, for purpose of illustration only and does not constitute a representation that any amount has been, could have been or may be exchanged at any particular rate on the date or dates in question or any other date or at all.

By Order of the Board
Shanghai Industrial Holdings Limited
Yee Foo Hei
Company Secretary

Hong Kong, 4 June 2014

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. Ni Jian Da and Mr. Xu Bo

Independent Non-Executive Directors:

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

APPENDIX I - LETTER FROM THE COMPANY'S AUDITOR

ACCOUNTANTS' REPORT ON CALCULATIONS OF DISCOUNTED FUTURE ESTIMATED CASH FLOWS IN CONNECTION WITH THE VALUATION OF EQUITY INTEREST IN SHANGHAI DENTAL INSTRUMENT FACTORY CO., LTD.

TO THE DIRECTORS OF SHANGHAI INDUSTRIAL HOLDINGS LIMITED

We have examined the calculations of the discounted future estimated cash flows on which the valuation prepared by Yin Xin Asset Valuation Co., Ltd. (銀信資產評估有限公司) dated 30 April 2014, of a 100% equity interest in Shanghai Dental Instrument Factory Co., Ltd. (上海勝利醫療器械有限公司) as at 31 December 2013 (the "Valuation") is based. Shanghai Dental Instrument Factory Co., Ltd. is a sino-foreign joint venture with limited liability established in the People's Republic of China and it is principally engaged in the business of production of medical equipment and different kinds of paper-packing products. The Valuation based on the discounted future estimated cash flows is regarded as a profit forecast under Rule 14.61 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules") and reference to the Valuation will be included in an announcement dated 4 June 2014 to be issued by Shanghai Industrial Holdings Limited (the "Company") in connection with the acquisition of 100% equity interest in Shanghai Dental Instrument Factory Co., Ltd. (the "Announcement").

Directors' responsibility for the discounted future estimated cash flows

The directors of the Company are responsible for the preparation of the discounted future estimated cash flows in accordance with the bases and assumptions determined by the directors and set out in the Announcement (the "Assumptions"). This responsibility includes carrying out appropriate procedures relevant to the preparation of the discounted future estimated cash flows for the Valuation and applying an appropriate basis of preparation; and making estimates that are reasonable in the circumstances.

Reporting accountants' responsibility

It is our responsibility to form an opinion on the arithmetical accuracy of the calculations of the discounted future estimated cash flows on which the Valuation is based and to report solely to you, as a body, as required by Rule 14.62(2) of the Listing Rules, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

Our engagement was conducted in accordance with Hong Kong Standard on Assurance Engagements 3000 "Assurance Engagements Other Than Audits or Reviews of Historical Financial Information" issued by the Hong Kong Institute of Certified Public Accountants. This standard requires that we comply with ethical requirements and plan and perform the assurance engagement to obtain reasonable assurance on whether the discounted future estimated cash flows, so far as the calculations are concerned, have been properly compiled in accordance with the Assumptions. Our work does not constitute any valuation of Shanghai Dental Instrument Factory Co., Ltd..

Because the Valuation relates to discounted future estimated cash flows, no accounting policies of the Company have been adopted in its preparation. The Assumptions include hypothetical assumptions about future events and management actions which cannot be confirmed and verified in the same way as past results and these may or may not occur. Even if the events and actions anticipated do occur, actual results are still likely to be different from the Valuation and the variation may be material. Accordingly, we have not reviewed, considered or conducted any work on the reasonableness and the validity of the Assumptions and do not express any opinion whatsoever thereon.

Opinion

Based on the foregoing, in our opinion, the discounted future estimated cash flows, so far as the calculations are concerned, have been properly compiled, in all material respects, in accordance with the Assumptions.

Deloitte Touche Tohmatsu
Certified Public Accountants
Hong Kong
4 June 2014

APPENDIX II - LETTER FROM THE BOARD

4 June 2014

Listing Division
The Stock Exchange of Hong Kong Limited
11th Floor, One International Finance Centre
1 Harbour View Street
Hong Kong

Dear Sir / Madam,

Connected Transaction –

Acquisition of interest in Shanghai Dental Instrument Factory Co., Ltd. (“Shengli Medical”)

We refer to the announcement of the Company dated 4 June 2014 in relation to the acquisition of equity interest in Shengli Medical (the “**Announcement**”) by Wing Fat Printing. Unless the context otherwise requires, terms defined in the Announcement shall have the same meanings when used herein.

We have reviewed and discussed the Valuation Report, on which basis the aggregate consideration for the Shanghai Medical Sale Interest and the ACCS Sale Interest was determined. We note that the methodology applied in deriving the Shengli Medical Appraised Value is regarded as a profit forecast under Rule 14.61 of the Listing Rules. Pursuant to Rule 14.62 of the Listing Rules, we have engaged Messrs. Deloitte Touche Tohmatsu, acting as the Company’s auditor, to examine the arithmetical accuracy of the calculation of the Valuation Report in accordance with Hong Kong Standard on Assurance Engagements 3000 “Assurance Engagements Other Than Audits or Reviews of Historical Financial Information” issued by the Hong Kong Institute of Certified Public Accountants.

On the basis of the above, we confirm that the Shengli Medical Appraised Value as contained in the Valuation Report has been made after due and careful enquiry.

Yours faithfully

For and on behalf of the board of directors of
Shanghai Industrial Holdings Limited

Zhou Jie
*Executive Director, Chief Executive Officer
and Vice Chairman*