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(Incorporated in Hong Kong with limited liability)

(Stock code: 363)

CONNECTED TRANSACTION

SHAREHOLDER'S LOAN TO SHANGHAI GALAXY BY HU-NING EXPRESSWAY

On 4 September 2014, Hu-Ning Expressway and Shanghai Galaxy entered into the Shareholder's Loan Agreement, pursuant to which Hu-Ning Expressway has agreed to lend, and Shanghai Galaxy has agreed to borrow, a Shareholder's Loan in an amount of RMB200,000,000 (equivalent to approximately HK\$249,813,000) with a term of three years.

Hu-Ning Expressway is an indirect wholly-owned subsidiary of the Company. SIIC is the controlling shareholder of the Company holding approximately 57.07% of the entire issued capital of the Company, and is therefore a connected person of the Company. SIIC exercises the authority as a state-owned shareholder of SIIC Shanghai, which is a state-owned enterprise holding 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 Shareholder's Loan constitutes a connected transaction of the Company under Chapter 14A of the Listing Rules.

As the highest applicable percentage ratio in respect of the Shareholder's Loan 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

On 4 September 2014, Hu-Ning Expressway, an indirect wholly-owned subsidiary of the Company, and Shanghai Galaxy entered into the Shareholder's Loan Agreement, pursuant to which Hu-Ning Expressway has agreed to lend, and Shanghai Galaxy has agreed to borrow, the Shareholder's Loan. The Shareholder's Loan will be made by Hu-Ning Expressway in cash no later than the end of September of 2014, and will be funded by its internal resources.

THE SHAREHOLDER'S LOAN AGREEMENT

Date

4 September 2014

Parties

- (i) Hu-Ning Expressway (as the lender); and
- (ii) Shanghai Galaxy (as the borrower)

Principal amount

RMB200,000,000 (equivalent to approximately HK\$249,813,000)

Term

Three years from the drawdown of the Shareholder's Loan.

Interest rate

6.15% per annum, being the benchmark interest rate of RMB denominated loans for a term of three years as announced by the PBOC, with the interest payable semi-annually.

Repayment method

The principal amount of the Shareholder's Loan shall be repaid at maturity. Shanghai Galaxy may repay the principal amount prior to the maturity date of the Shareholder's Loan. Interest shall be repaid on a semi-annual basis.

INFORMATION ON SHANGHAI GALAXY

Shanghai Galaxy is a sino-foreign joint venture incorporated in the PRC with limited liability. It is principally engaged in business investment, asset management and other consultation businesses. Over the course of the past few years, Shanghai Galaxy has been actively exploring new business areas, and investing in the environmental-related industry in particular.

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.

REASONS FOR AND BENEFITS OF THE TRANSACTION

The principal amount and the interest rate of the Shareholder's Loan to be provided by Hu-Ning Expressway to Shanghai Galaxy were negotiated between Hu-Ning Expressway and Shanghai Galaxy, and were determined with reference to the working capital currently available to Shanghai Galaxy and Shanghai Galaxy's capital requirements for its future infrastructure investment projects.

The Shareholder's Loan is expected to replenish Shanghai Galaxy's working capital and to provide funds to support its infrastructure investment projects and its expansion, and the provision of the Shareholder's Loan to Shanghai Galaxy is in line with the strategic business development of the Group's infrastructure facilities segment.

The Board (including the independent non-executive Directors) believes that the Shareholder's Loan Agreement is on normal commercial terms and in the interests of the Company and its shareholders as a whole, and the terms of the Shareholder's Loan Agreement are fair and reasonable.

None of the Directors has a material interest in the Shareholder's Loan Agreement 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, has voluntarily abstained from voting on the resolution approving the granting of the Shareholder's Loan.

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 57.07% of the entire issued capital of the Company, and is therefore a connected person of the Company. SIIC exercises the authority as a state-owned shareholder of SIIC Shanghai, which is a state-owned enterprise holding 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 Shareholder's Loan constitutes a connected transaction of the Company under Chapter 14A of the Listing Rules. As the highest applicable percentage ratio in respect of the Shareholder's Loan exceeds 0.1% but is less than 5%, the Shareholder's Loan 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.

DEFINITIONS

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

“Board”	the board of Directors
“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
“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”	The Rules Governing the Listing of Securities on the Stock Exchange
“PBOC”	the People’s Bank of China
“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 (Shanghai Galaxy Investment Co., Ltd.), 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
“Shareholder’s Loan”	the shareholder’s loan in an amount of RMB200,000,000 (equivalent to approximately HK\$249,813,000) provided by Hu-Ning Expressway to Shanghai Galaxy under the Shareholder’s Loan Agreement
“Shareholder’s Loan Agreement”	the shareholder’s loan agreement entered into between Hu-Ning Expressway and Shanghai Galaxy on 4 September 2014, in respect of the provision of the Shareholder’s Loan
“SIIC”	Shanghai Industrial Investment (Holdings) Company Limited, a company incorporated in Hong Kong with limited liability and the controlling shareholder of the Company, which holds 57.07% 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 = RMB0.8006 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 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, 4 September 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