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(Incorporated in Hong Kong with limited liability)

(Stock Code: 363)

CONNECTED TRANSACTION

ENTRUSTED LOAN ARRANGEMENT

ENTRUSTED LOAN ARRANGEMENT

On 1 June 2016, Hu-Ning Expressway (an indirect wholly-owned subsidiary of the Company), the Bank and SIIC Financial Services entered into the Entrusted Loan Arrangement, pursuant to which the Bank, acting as lending agent, released a loan in the principal amount of RMB100,000,000 (equivalent to approximately HK\$120,192,000), which will be funded by Hu-Ning Expressway, to SIIC Financial Services.

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 58.70% of the entire issued capital of the Company, and is therefore a connected person of the Company. SIIC Financial Services is an indirect wholly-owned subsidiary of SIIC and is therefore an associate of SIIC and a connected person of the Company at the issuer level. Accordingly, the Entrusted Loan Arrangement 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 Entrusted Loan Arrangement exceeds 0.1% but is less than 5%, the Entrusted Loan Arrangement 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.

ENTRUSTED LOAN CONTRACTS

The major terms of the Entrusted Loan Contracts are set out below:

Date and subject matter

Pursuant to the Entrusted Loan Entrustment Contract, Hu-Ning Expressway instructed the Bank to act as lending agent to, for a Handling Fee, release a loan in the principal amount of RMB100,000,000 (equivalent to approximately HK\$120,192,000), which will be funded by Hu-Ning Expressway, to SIIC Financial Services.

On 1 June 2016, the Bank (as lender) entered into an entrusted loan contract with SIIC Financial Services (as borrower). The major terms of the Entrusted Loan are set out below:

Principal:	RMB100,000,000 (equivalent to approximately HK\$120,192,000)
Interest rate:	4.64%, which is arrived at with reference to the benchmark lending rate for the same period which was issued by the People's Bank of China; interest to be accrued daily and paid every quarter
Term:	one year from the date of drawdown
Use of proceeds:	working capital requirement
Repayment of principal:	SIIC Financial Services shall repay the principal upon the expiry of the term
Late payment:	If SIIC Financial Services fails to repay the principal or pay interest within the prescribed time period, the Bank may charge an additional interest of 50% per annum on the overdue amount.
Early repayment:	SIIC Financial Services may repay the principal before the expiry of the term after consultation with the Bank and with the consent of Hu-Ning Expressway.

INFORMATION ON SIIC FINANCIAL SERVICES

SIIC Financial Services is a company incorporated in the PRC. It is principally engaged in financial leasing, pawning and factoring business.

REASONS FOR AND BENEFITS OF ENTERING INTO THE TRANSACTION

SIIC Financial Services is a wholly-owned subsidiary of SIIC which operates a steady and sound business. Its core competitiveness and profitability has significantly improved in recent years, and is considered to have a relatively low credit risk. Hu-Ning Expressway has sufficient cash flow, and will be able to, through the Entrusted Loan Arrangement, increase the Company's interest income.

The Directors (including the independent non-executive Directors) consider that the terms of the Entrusted Loan Contracts are on normal commercial terms and in the ordinary and usual course of business of the Group, and the Entrusted Loan Contracts are fair and reasonable and in the interests of the Company and its shareholders as a whole.

None of the Directors has a material interest in the Entrusted Loan Contracts or was required to abstain from voting on the relevant resolutions of the Board.

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As one or more of the applicable percentage ratios in respect of the Entrusted Loan Arrangement exceeds 0.1% but is less than 5%, the Entrusted Loan Arrangement 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.

GENERAL

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

DEFINITIONS

In this announcement, the following expressions shall have the following meanings unless the context requires otherwise:

“Bank”	招商銀行股份有限公司 (China Merchants Bank Co., Ltd.), the bank designated by the parties as lending agent, a third party independent of the Company and its connected persons.
“Board”	the board of Directors of the Company
“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(s)”	has the meaning given to it in the Listing Rules

“Director(s)”	the director(s) of the Company
“Entrusted Loan”	the loan in the principal amount of RMB100,000,000 (equivalent to approximately HK\$120,192,000) to be made pursuant to the Entrusted Loan Contracts
“Entrusted Loan Contracts”	the Entrusted Loan Entrustment Contract and the entrusted loan contract both dated 1 June 2016 entered into between the Bank and SIIC Financial Services, in respect of the Entrusted Loan Arrangement
“Entrusted Loan Arrangement”	the provision of the Entrusted Loan by Hu-Ning Expressway, through the Bank, to SIIC Financial Services
“Group”	the Company and its subsidiaries
“Entrusted Loan Entrustment Contract”	the entrusted loan entrustment contract dated 1 June 2016 entered into between Hu-Ning Expressway and the Bank, pursuant to which Hu-Ning Expressway agreed to entrust a sum of RMB100,000,000 (equivalent to approximately HK\$120,192,000) with the Bank which shall provide loan(s) to designated borrower(s) upon instructions from Hu-Ning Expressway
“Handling Fee”	a handling fee of RMB10,000 (equivalent to approximately HK\$12,000) payable from Hu-Ning Expressway to the Bank on the outstanding amount of the entrusted loan provided to SIIC Financial Services, which fee is arrived at with reference to the standard handling fee charged by commercial banks for the provision of the same level of entrusted loan
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

“SIIC”	Shanghai Industrial Investment (Holdings) Company Limited, a company incorporated in Hong Kong with limited liability and the controlling shareholder of the Company
“SIIC Financial Services”	上海上實金融服務控股有限公司 (*SIIC Financial Services Holding Co., Ltd.), a company incorporated in the PRC and an indirect wholly-owned subsidiary of SIIC and a connected person at the issuer level
“Stock Exchange”	The Stock Exchange of Hong Kong Limited

For the purposes of this announcement, the exchange rate of HK\$1.00 = RMB0.832 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, 1 June 2016

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

Executive Directors:

Mr. Wang Wei, Mr. Zhou Jie, Mr. Lu Shen, Mr. Zhou Jun 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

** For identification purpose.*