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(Incorporated in Hong Kong with limited liability)

(Stock Code: 363)

CONNECTED TRANSACTION

ENTRUSTED LOAN CONTRACT

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On 30 September 2016, Shen Yu Highway (an indirect wholly-owned subsidiary of the Company) (as lender), the Bank (as lending agent) and Shanghai Galaxy (as borrower) entered into the Entrusted Loan Contract, pursuant to which Shen Yu Highway entrusted the Bank to grant the Entrusted Loan in the principal amount of RMB200,000,000 to Shanghai Galaxy, with a term of twelve months to support the operation and development of Shanghai Galaxy.

LISTING RULES IMPLICATIONS

Shen Yu Highway is an indirect wholly-owned subsidiary of the Company. SIIC is the controlling shareholder of the Company holding approximately 58.62% 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 entering into of the Entrusted Loan Contract 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 provision of the Entrusted Loan exceeds 0.1% but is less than 5%, the entering into of the Entrusted Loan Contract 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.

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

Date:	30 September 2016
Parties:	(i) Shen Yu Highway, as the lender (ii) the Bank, as the lending agent (iii) Shanghai Galaxy, as the borrower
Principal:	RMB200,000,000
Interest rate:	Fixed interest rate of 4.64% per annum, 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 The accrued interest shall be accrued daily and settled by Shanghai Galaxy quarterly during the term of the Entrusted Loan
Term:	Twelve months commencing from 30 September 2016 and ending on 29 September 2017
Use of proceeds:	Working capital requirement
Repayment of principal:	Shanghai Galaxy shall repay the principal upon the expiry of the term of the Entrusted Loan

REASONS FOR AND BENEFITS OF ENTERING INTO THE TRANSACTION

Each of SIIC Shanghai and the Group holds 50% of the registered capital of Shanghai Galaxy, and Shanghai Galaxy is equity accounted for as an associated company in the consolidated financial statements of the Company. As set out in the announcement of the Company dated 21 January 2016, in line with the Group's development strategy, Shanghai Galaxy vigorously expanded its photovoltaic power business in the past few years. The photovoltaic power projects invested by Shanghai Galaxy are all in stable operation with a steady growth in their business results. To support the operation and development of Shanghai Galaxy, the Company agreed to grant the Entrusted Loan to Shanghai Galaxy.

At the relevant time of the transaction, Shen Yu Highway had sufficient cash flow, and will be able to, through the provision of the Entrusted Loan, increase the Group's interest income.

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

None of the Directors had a material interest in the Entrusted Loan Contract 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 Entrusted Loan.

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The Board noted that there has been a delay in the publication of this announcement in respect of the transaction completed under the Entrusted Loan Contract.

Through the Group's effective connected transaction reporting system to identify connected transactions for compliance with the applicable requirements under Chapter 14A of the Listing Rules, Shen Yu Highway has reported to the Company of the possible provision of the Entrusted Loan which was then approved by the Board at a board meeting in August 2016, subject to the condition that prior to the signing of the Entrusted Loan Contract, Shen Yu Highway had to give sufficient prior notice to the Company so that the Company could prepare the announcement to comply with the applicable requirements under Chapter 14A of the Listing Rules. In early December 2016, the Company enquired about the latest status of the Entrusted Loan with Shen Yu Highway, and was then informed by Shen Yu Highway that due to the inadvertent oversight of the staff of Shen Yu Highway, they had omitted to follow the instructions of the Board to report the signing of the Entrusted Loan Contract on 30 September 2016 to the Company.

As soon as the Board became aware of this incident in early December 2016, the Board has taken steps to rectify this as soon as practicable, including appointing legal counsel to notify the Stock Exchange of the incident and prepare the announcement for the Entrusted Loan Contract. The Directors consider that the incident is an isolated case. Going forward, in order to avoid reoccurrence of similar issue in the future, the Company would strengthen the trainings to its staffs (including staffs at PRC subsidiary level) to remind them of the importance to follow the Group's internal reporting procedures of connected transactions, and emphasized the importance of notifying the Board prior to execution.

GENERAL

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

Shen Yu Highway is an indirect wholly-owned subsidiary of the Company. It is principally engaged in operation of Hu-Yu Expressway (Shanghai Section).

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

Shanghai Galaxy is principally engaged in business investment, asset management and other consultation businesses. Over the past few years, Shanghai Galaxy has been actively exploring new business areas, and investing in the environmental-related industry in particular.

The Bank is a licensed commercial bank established in the PRC and is principally engaged in, among other things, the provision of banking, financial and other financial related services.

To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, the Bank is a third party independent of the Company and its connected persons.

DEFINITIONS

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

“Bank”	興業銀行股份有限公司上海人民廣場支行 (Industrial Bank Co., Ltd., Shanghai People's Square Branch), the bank designated by Shen Yu Highway and Shanghai Galaxy as lending agent
“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
“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 RMB200,000,000 made pursuant to the Entrusted Loan Contract
“Entrusted Loan Contract”	the entrusted loan contract dated 30 September 2016 entered into between Shen Yu Highway, the Bank and Shanghai Galaxy in respect of the provision of the Entrusted Loan

“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
“Listing Rules”	Rules Governing the Listing of Securities on the Stock Exchange
“PRC”	the People’s Republic of China, and 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% equity interest is held by SIIC Shanghai and 50% equity interest is indirectly held by the Company
“Shen Yu Highway”	上海申渝公路建設發展有限公司 (Shanghai Shen-Yu Development Co., Ltd.), a company incorporated in the PRC and an indirect wholly-owned subsidiary 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
“Stock Exchange”	The Stock Exchange of Hong Kong Limited

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

Hong Kong, 19 December 2016

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

Executive Directors:

Mr. Wang Wei, Mr. Zhou Jun, Mr. Lu Shen, Mr. Xu Bo and Mr. Xu Zhan

Independent Non-Executive Directors:

Prof. Woo Chia-Wei, Mr. Leung Pak To, Francis, Mr. Cheng Hoi Chuen, Vincent and Mr. Yuen Tin Fan, Francis