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(Incorporated in Hong Kong with limited liability)

(Stock Code: 363)

CONNECTED TRANSACTION

FORMATION OF JOINT VENTURE COMPANY IN SHANGHAI

The Company is pleased to announce that the JV Company was established on 23 July 2018 in Shanghai, the PRC among Shanghai Jiyun (a wholly-owned subsidiary of the Company), Shanghai Shangtou and Shanghai Galaxy for the purposes of undertaking the Business. The capital verification report of the JV Company in respect of RMB460,000,000 (being 92% of the current registered capital of the JV Company) was issued on the same date. All the relevant business registration procedures were duly completed.

As at the date of this announcement, SIIC is the controlling shareholder of the Company holding approximately 59.87% of the entire issued capital of the Company, and is therefore a connected person of the Company. SIIC holds 10% of the registered capital of Shanghai Galaxy and exercises the authority as a state-owned shareholder of SIIC Shanghai, which is a state-owned enterprise holding 45% of the registered capital of Shanghai Galaxy. Shanghai Shangtou is a wholly-owned subsidiary of SIIC Shanghai. Therefore, each of Shanghai Shangtou and Shanghai Galaxy is 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 or more of the applicable percentage ratios calculated under Rule 14.07 of the Listing Rules 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 THE JV COMPANY

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RMB460,000,000 (being 92% of the current registered capital of the JV Company) was issued on the same date. All the relevant business registration procedures were duly completed.

The JV Company is principally engaged in the promotion of new energy technology and environmental protection technology (the “**Business**”).

The JV Company was formed pursuant to the JV Agreement entered into among Shanghai Jiyun (a wholly-owned subsidiary of the Company), Shanghai Shangtou and Shanghai Galaxy on 1 July 2018.

Pursuant to the JV Agreement, the structure of the current registered capital of the JV Company is as follows:

Parties	Registered Capital Contribution (RMB)	Shareholding Percentage
Shanghai Jiyun	200,000,000	40%
Shanghai Shangtou	200,000,000	40%
Shanghai Galaxy	100,000,000	20%
Current total registered capital	500,000,000	100%

Pursuant to the JV Agreement, the parties have also agreed that the registered capital of the JV Company in the sum of RMB500,000,000 shall be paid up in cash in the following manner:

1. amounts of RMB184,000,000 and RMB16,000,000 to be paid before 31 July 2018 and 31 December 2020 respectively by each of Shanghai Jiyun and Shanghai Shangtou; and
2. amounts of RMB92,000,000 and RMB8,000,000 to be paid before 31 July 2018 and 31 December 2020 respectively by Shanghai Galaxy.

The respective contribution to the registered capital of the JV Company is determined after arm's length negotiations between the parties with reference to the proposed capital requirements of the JV Company and the parties' interests in the JV Company. The capital contribution of Shanghai Jiyun in the JV Company will be funded by internal resources.

The board of directors of the JV Company comprises three members who were elected by the shareholders' meeting of the JV Company.

REASONS FOR AND BENEFITS OF THE TRANSACTION

The JV Company was formed for the purpose of the acquisition of the shares of a green energy enterprise in the PRC. It is expected that the clean energy projects operated under this enterprise will enlarge the scale of business assets of the Group and provide relatively stable and long-term

gains with certain extent of investment value. Thus, the formation of the JV Company is in line with the Company's strategy for continuous expansion of its infrastructure facilities business, especially those in the environmental protection related industry.

The Directors (including the independent non-executive Directors) consider that the Transaction is in the ordinary and usual course of business of the Group, on normal commercial terms after arm's length negotiations between the parties, and the terms of the Transaction 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 Transaction and no Director is required to abstain from voting on the board resolution(s) approving the Transaction. However, Mr. Shen Xiao Chu, an executive director and the chairman of SIIC, Mr. Zhou Jun, an executive director and the president of SIIC and also the chairman of Shanghai Galaxy, Mr. Xu Bo, an executive director and a vice president of SIIC, Mr. Xu Zhan, a director of Shanghai Galaxy have voluntarily abstained from voting on the Board resolution(s) approving the Transaction. The transaction was duly approved by the Board on 24 May 2018.

GENERAL

The Group is principally engaged in the businesses of infrastructure facilities, real estate and consumer products. Shanghai Jiyun is principally engaged in investment holding.

Shanghai Shangtou is a company established in the PRC and is principally engaged in investment and investment management in the PRC.

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.

LISTING RULES IMPLICATIONS

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DEFINITIONS

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

“associate”, “connected person”, “subsidiary(ies)”	each has the meaning ascribed to it under the Listing Rules
“Board”	the board of directors of the Company
“Business”	as defined in the section headed “Formation of the JV Company” in this announcement
“Company”	Shanghai Industrial Holdings Limited (上海實業控股有限公司), a company incorporated in Hong Kong with limited liability, whose shares are listed on the Main Board of the Stock Exchange
“Director(s)”	directors of the Company
“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“JV Agreement”	the joint venture agreement entered into among Shanghai Jiyun, Shanghai Shangtou and Shanghai Galaxy on 1 July 2018 in relation to the formation of the JV Company
“JV Company”	上實清潔能源（上海）有限公司 (Shanghai Industrial Clean Energy Company Limited*), the joint venture company with limited liability established in the PRC on 23 July 2018
“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, the Macao Special Administrative Region of the PRC 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 45% equity interest is indirectly held by the Company, 45% equity interest is held by SIIC Shanghai and 10% equity interest is indirectly held by SIIC

“Shanghai Jiyun”	上海躋云基礎建設有限公司 (Shanghai Jiyun Infrastructure Construction Company Limited*), a company established in the PRC with limited liability and a wholly-owned subsidiary of the Company
“Shanghai Shangtou”	上海上投資產經營有限公司 (Shanghai Shangtou Asset Operations Company Limited*), a company established in the PRC with limited liability
“SIIC”	Shanghai Industrial Investment (Holdings) Company Limited (上海實業(集團)有限公司), a company incorporated in Hong Kong with limited liability and the controlling shareholder of the Company
“SIIC Shanghai”	上海上實(集團)有限公司 (SIIC Shanghai Holdings Co., Ltd. *), 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
“Transaction”	the formation of the JV Company contemplated under the JV Agreement
“%”	per cent.

**For identification purposes only.*

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

Hong Kong, 23 July 2018

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

Executive Directors:

Mr. Shen Xiao Chu, Mr. Zhou Jun, 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