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(Incorporated in Hong Kong with limited liability)

(Stock Code: 363)

CONTINUING CONNECTED TRANSACTION

EXTENSION OF THE SHAREHOLDER'S LOAN FACILITY PROVIDED TO SHANGHAI GALAXY BY HU-NING EXPRESSWAY

Reference is made to the announcement of the Company dated 21 January 2016 on the Shareholder's Loan Facility made available by Hu-Ning Expressway to Shanghai Galaxy in an aggregate principal amount of up to RMB500,000,000 for a term of three years from 21 January 2016 to 20 January 2019.

As the Shareholder's Loan Facility will expire on 20 January 2019, Hu-Ning Expressway has agreed to extend the Shareholder's Loan Facility available to Shanghai Galaxy on substantially the same terms for a further term of three years from 21 January 2019 to 20 January 2022. The Board has approved the Renewed Shareholder's Loan Facility on 29 August 2018.

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 (through its wholly-owned subsidiary) 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 Galaxy is therefore an associate of SIIC and a connected person of the Company. Accordingly, the Renewed Shareholder's Loan Facility constitutes a continuing connected transaction of the Company under Chapter 14A of the Listing Rules.

As the highest applicable percentage ratio in respect of the Renewed Shareholder's Loan Facility (including the annual caps) 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.

RENEWED SHAREHOLDER'S LOAN FACILITY

Reference is made to the announcement of the Company dated 21 January 2016 on the Shareholder's Loan Facility made available by Hu-Ning Expressway to Shanghai Galaxy in an aggregate principal amount of up to RMB500,000,000 for a term of three years from 21 January 2016 to 20 January 2019.

As the Shareholder's Loan Facility will expire on 20 January 2019, Hu-Ning Expressway has agreed to extend the Shareholder's Loan Facility available to Shanghai Galaxy in an aggregate principal amount of up to RMB500,000,000 on substantially the same terms for a further term of three years from 21 January 2019 to 20 January 2022. The Board has approved the Renewed Shareholder's Loan Facility on 29 August 2018. The Renewed Shareholder's Loan Facility will be made by Hu-Ning Expressway in cash and will be funded by its internal resources.

Major terms of the Renewed Shareholder's Loan Facility

Loan amount

Hu-Ning Expressway shall upon request provide term loan(s) to Shanghai Galaxy during the term of the Renewed Shareholder's Loan Facility, and the relevant loan amount shall be determined on a case-by-case basis based on the purpose of use, with the maximum amount representing the unutilised portion of the Renewed Shareholder's Loan Facility.

Term

The term of the Renewed Shareholder's Loan Facility is three years from 21 January 2019 to 20 January 2022. The duration of each term loan will be negotiated on a case-by-case basis. Each term loan will expire by the end of the three-year period from 21 January 2019, i.e. 20 January 2022.

Interest and repayment

Interest shall be the benchmark interest rate of RMB denominated loans for the same period as announced by the PBOC, subject to the negotiation and agreement between the parties at the time of each drawdown. Amounts advanced under a loan shall be repaid at maturity. Shanghai Galaxy may repay the principal amount prior to the maturity date of the loan. Interest shall be repaid on a semi-annual basis.

Documentation

In respect of each term loan, individual loan agreement(s) will be entered into between Hu-Ning Expressway and Shanghai Galaxy setting out the interest rate as agreed, the loan amount and the repayment term before the drawdown.

Annual Caps

The annual caps of the Renewed Shareholder's Loan Facility for each of the financial years ending 31 December 2019, 31 December 2020, 31 December 2021 and 31 December 2022 are RMB522,760,417, RMB524,145,834, RMB524,079,862 and RMB501,319,445 respectively, being the possible maximum loan amount that can be granted under the Renewed Shareholder's Loan Facility plus the maximum interest income generated in the respective year (calculated based on the prevailing benchmark interest rate of RMB denominated loans for the relevant period as announced by the PBOC as at the date of this announcement, which is 4.75%). Shanghai Galaxy will be responsible for any profit tax payable by Hu-Ning Expressway in relation to its interest income.

REASONS FOR AND BENEFITS OF PROVISION OF THE RENEWED SHAREHOLDER'S LOAN FACILITY

In line with the Group's development strategy, Shanghai Galaxy vigorously expanded its business in new business areas in the past few years. Currently, Shanghai Galaxy has invested in 11 photovoltaic power projects, which have all commenced operation with a combined capacity of over 560MW, and are all in stable operation with a steady growth in their business results. In view of Shanghai Galaxy's need in the working capital for the development of clean energy business and the repayment of loan principal amounts and interests amid economic uncertainty and tightening of funding in the latter half of 2018, the Renewed Shareholder's Loan Facility is expected to continue supplementing Shanghai Galaxy's working capital by providing stable source of funding to support its projects and expansion, which is in line with the Group's business development strategy on infrastructure facilities segment.

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

None of the Directors has a material interest in the Renewed Shareholder's Loan Facility or was required to abstain from voting on the relevant resolutions of the Board. However, Mr. Zhou Jun, the chairman and director of Shanghai Galaxy, and Mr. Xu Zhan, a director of Shanghai Galaxy, have voluntarily abstained from voting on the Board resolution approving the Renewed Shareholder's Loan Facility.

GENERAL

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

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

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

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 (through its wholly-owned subsidiary) 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 Galaxy is therefore an associate of SIIC and a connected person of the Company. Accordingly, the Renewed Shareholder's Loan Facility constitutes a continuing connected transaction of the Company under Chapter 14A of the Listing Rules.

As the highest applicable percentage ratio in respect of the Renewed Shareholder's Loan Facility (including the annual caps) 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.

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
“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)”	directors 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 established in the PRC with limited liability 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
“Renewed Shareholder’s Loan Facility”	the renewed shareholder’s loan facility in an aggregate principal amount of up to RMB500,000,000 provided by Hu-Ning Expressway to Shanghai Galaxy for a further term of three years from 21 January 2019 to 20 January 2022
“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
“Shareholder’s Loan Facility”	the shareholder’s loan facility in an aggregate principal amount of up to RMB500,000,000 provided by Hu-Ning Expressway to Shanghai Galaxy for a term of three years from 21 January 2016 to 20 January 2019
“SIIC”	Shanghai Industrial Investment (Holdings) Company Limited, 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
“%”	per cent.

**For identification purposes only.*

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

Hong Kong, 29 August 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