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(Incorporated in Hong Kong with limited liability)

(Stock Code: 363)

CONNECTED TRANSACTION

EXTENSION OF ENTRUSTED LOAN ARRANGEMENT WITH SIIC FINANCIAL SERVICES

EXTENSION OF ENTRUSTED LOAN ARRANGEMENT

Reference is made to the announcement of the Company dated 8 June 2018 on the Existing Entrusted Loan Arrangement entered into among Shanghai Shen-Yu (an indirect wholly-owned subsidiary of the Company), the Bank (as lending agent) and SIIC Financial Services (as borrower), pursuant to which the Bank granted a loan in the principal amount of RMB100,000,000 (i.e. the Existing Entrusted Loan), which was funded by Shanghai Shen-Yu, to SIIC Financial Services.

As the Existing Entrusted Loan Arrangement will expire on 7 June 2019, Shanghai Shen-Yu, the Bank and SIIC Financial Services entered into the Extension Agreement on 5 June 2019 on substantially the same terms as those under the Existing Entrusted Loan Arrangement in order to extend the term of the Existing Entrusted Loan for a 12-month period from 7 June 2019 to 6 June 2020.

LISTING RULES IMPLICATIONS

Shanghai Shen-Yu is an indirect wholly-owned subsidiary of the Company. SIIC is the controlling shareholder of the Company holding approximately 60.60% of the entire issued capital of the Company as at the date of this announcement, 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 Extension Agreement constitutes a connected transaction of the Company under Chapter 14A of the Listing Rules.

As one of the applicable percentage ratios in respect of the Extension Agreement is more than 0.1% but less than 5%, the Extension Agreement 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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EXTENSION AGREEMENT

The major terms of the Extension Agreement are set out below:

Date and subject matter

On 5 June 2019, Shanghai Shen-Yu, the Bank and SIIC Financial Services entered into the Extension Agreement, pursuant to which the parties agreed to extend the term of the Existing Entrusted Loan for a 12-month period from 7 June 2019 to 6 June 2020.

Principal:	RMB100,000,000
Interest rate:	5.5% during the extended term, 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
Use of proceeds:	working capital requirement
Repayment of principal:	SIIC Financial Services shall repay the principal upon the expiry of the term
Default Interest:	If SIIC Financial Services fails to repay the principal or pay interest within the prescribed time, Shanghai Shen-Yu is entitled to authorize the Bank to charge an additional 50% of the interest chargeable 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 Shanghai Shen-Yu

INFORMATION ON THE BANK AND SIIC FINANCIAL SERVICES

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 and its ultimate beneficial owner are third parties independent of the Company and its connected persons.

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 EXTENSION AGREEMENT

SIIC Financial Services is an indirect wholly-owned subsidiary of SIIC which operates a steady and sound business and is considered to have a relatively low credit risk. Shanghai Shen-Yu has sufficient cash flow, and, through extending the term of the Existing Entrusted Loan, will be able to continue to increase its interest income.

As it is expected that SIIC Financial Services will continue to require the financial support beyond the term of the Existing Entrusted Loan Arrangement, the parties have agreed to the extension of the term of the Existing Entrusted Loan by way of entering into the Extension Agreement.

The Directors (including the independent non-executive Directors) consider that the terms of the Extension Agreement are on normal commercial terms, albeit not in the ordinary and usual course of business of the Group, and the terms of the Extension Agreement 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 Extension Agreement or was required to abstain from voting on the relevant resolution(s) of the Board. However, (i) Mr. Shen Xiao Chu, an executive director and the chairman of SIIC, (ii) Mr. Zhou Jun, an executive director and the president of SIIC, and (iii) Mr. Xu Bo, an executive director and a vice president of SIIC, have voluntarily abstained from voting on the Board resolution(s) approving the Extension Agreement.

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GENERAL

The Group 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”	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 Shanghai Shen-Yu and SIIC Financial Services 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
“Existing Entrusted Loan”	the loan in the principal amount of RMB100,000,000 made pursuant to the Existing Entrusted Loan Arrangement
“Existing Entrusted Loan Arrangement”	the provision of the Existing Entrusted Loan by Shanghai Shen-Yu, through the Bank, to SIIC Financial Services pursuant to the Existing Entrusted Loan Entrustment Contract and the existing entrusted loan contract dated 8 June 2018
“Existing Entrusted Loan Entrustment Contract”	the entrusted loan entrustment contract dated 8 June 2018 entered into between Shanghai Shen-Yu and the Bank, pursuant to which Shanghai Shen-Yu agreed to entrust a sum of RMB100,000,000 with the Bank which shall provide loan to SIIC Financial Services upon instructions from Shanghai Shen-Yu
“Extension Agreement”	the extension agreement dated 5 June 2019 entered into between Shanghai Shen-Yu, the Bank and SIIC Financial Services
“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”	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 and Macau Special Administrative Region of the PRC and Taiwan
“RMB”	Renminbi, the lawful currency of the PRC
“Shanghai Shen-Yu”	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
“SIIC Financial Services”	上海上實金融服務控股股份有限公司 (formerly known as “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 of the Company at the issuer level
“Stock Exchange”	The Stock Exchange of Hong Kong Limited

**For identification purpose.*

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

Hong Kong, 5 June 2019

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