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(Incorporated in Hong Kong with limited liability)

(Stock Code: 363)

DISCLOSEABLE AND CONNECTED TRANSACTION

ACQUISITION OF INDIRECT EQUITY INTEREST IN A COMPANY ENGAGED IN THE OPERATION OF HANGZHOU BAY BRIDGE

On 30 September 2016, SIIC (as vendor) and SI Infrastructure (a wholly-owned subsidiary of the Company, as purchaser) entered into the Sale and Purchase Agreement in relation to the Acquisition pursuant to which it was conditionally agreed that SI Infrastructure shall acquire the Sale Share and the benefit of the Sale Loan from SIIC at the consideration of HK\$1,803,000,000. Upon Completion, the Company will indirectly own approximately 23.0584% of the interest in Hangzhou Bay Bridge.

SIIC is the controlling Shareholder interested in approximately 58.87% of the number of Shares in issue as at the date of this announcement. Accordingly, SIIC is a connected person of the Company under the Listing Rules and the Acquisition constitutes a connected transaction for the Company under Chapter 14A of the Listing Rules. As one or more of the applicable percentage ratios calculated pursuant to Rule 14.07 of the Listing Rules in respect of the Acquisition exceeds 5% and the Consideration is not less than HK\$10,000,000, the Acquisition is subject to the reporting, announcement and independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

In addition, as one or more of the applicable percentage ratios calculated pursuant to Rule 14.07 of the Listing Rules in respect of the Acquisition exceeds 5% but are less than 25%, the Acquisition also constitutes a discloseable transaction of the Company under the Listing Rules and is subject to the reporting and announcement requirements under Chapter 14 of the Listing Rules.

The Company will convene the EGM at which resolutions will be proposed for approval by the Independent Shareholders of the Sale and Purchase Agreement and the transactions contemplated thereunder. As SIIC, being the vendor of the Sale Share and the Sale Loan, has a material interest in the Acquisition and the transactions contemplated under the Sale and Purchase Agreement, SIIC and its associates shall abstain from voting on the resolutions to be proposed at the EGM to approve the Sale and Purchase Agreement and the transactions contemplated thereunder.

The Independent Board Committee has been established to advise the Independent Shareholders in respect of the Acquisition, and Somerley Capital Limited has been appointed as the Independent Financial Adviser by the Company to advise the Independent Board Committee and the Independent Shareholders in respect of the Sale and Purchase Agreement and the Acquisition.

A circular containing, amongst others, (1) further information on the Sale and Purchase Agreement and the Acquisition; (2) the recommendation from the Independent Board Committee in respect of the Sale and Purchase Agreement and the Acquisition; (3) the advice from the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders in respect of the Sale and Purchase Agreement and the Acquisition; (4) the Valuation Report; and (5) the notice convening the EGM, will be despatched to the Shareholders as soon as practicable and in accordance with the Listing Rules. The circular is currently expected to be despatched to the Shareholders on or before 24 October 2016.

On 30 September 2016, SIIC (as vendor) and SI Infrastructure (a wholly-owned subsidiary of the Company, as purchaser) entered into the Sale and Purchase Agreement in relation to the Acquisition pursuant to which it was conditionally agreed that SI Infrastructure shall acquire the Sale Share and the benefit of the Sale Loan from SIIC on and subject to the terms and conditions of the Sale and Purchase Agreement.

THE SALE AND PURCHASE AGREEMENT

Date

30 September 2016

Parties

- (a) SIIC as vendor
- (b) S.I. Infrastructure, a wholly-owned subsidiary of the Company, as purchaser

Assets to be acquired

Pursuant to the Sale and Purchase Agreement, SI Infrastructure will acquire from SIIC:

- (a) the Sale Share, representing the entire issued share capital of the Target Company held by SIIC as at the date of this announcement; and
- (b) the Sale Loan, representing all outstanding shareholder's loans owing by the SI Bridge to SIIC as at the date of Completion.

As at the date of this announcement, the Target Company indirectly owns approximately 23.0584% of the equity interest of the Project Company. The Project Company is principally engaged in the investment, operation and management of Hangzhou Bay Bridge and its ancillary facilities. Upon Completion, the Company will indirectly own approximately 23.0584% of the interest in Hangzhou Bay Bridge. As at the date of this announcement, the total amount of the Sale Loan is approximately HK\$1,853,523,000.

Consideration

The Consideration payable for the Acquisition is HK\$1,803,000,000, which shall be settled in cash by SI Infrastructure to SIIC upon Completion.

The Consideration shall be apportioned as follows:

- (a) the consideration for the transfer of the Sale Share shall be HK\$8; and
- (b) the consideration for the assignment of the Sale Loan shall be the amount of the Consideration less the consideration for the transfer of the Sale Share set out in the subparagraph (a) above, being HK\$1,802,999,992.

The Consideration was determined after arm's length negotiations between the parties having regard to (i) the market value of the Operation Rights of the Hangzhou Bay Bridge as at 30 June 2016 in the amount of RMB12,480,000,000 as valued by DTZ Cushman & Wakefield Limited, the Independent Valuer, based on the discounted cash flow approach, (ii) the total liability of the Project Company as at 30 June 2016 in the amount of approximately RMB5,594,994,000, and (iii) 23.0584% of the equity interest of the Project Company indirectly held by the Target Company.

The Consideration will be funded by internal resources of the Group.

Conditions

Completion is conditional upon the following conditions being satisfied or waived (conditions (b) and (c) may be waived by the Company at any time in writing) on or before the Long Stop Date:

- (a) the obtaining of the approval from the Independent Shareholders of the Sale and Purchase Agreement and the transactions contemplated thereunder in accordance with the relevant requirements of the Listing Rules;
- (b) the obtaining by SI Infrastructure of the PRC legal opinion issued by a firm of PRC legal advisers confirming Shanghai Jiyun legally owns 23.0584% equity interest of the Project Company in accordance with the PRC laws and regulations;
- (c) where applicable, the obtaining of such consents, approvals and authorisation of the relevant regulatory authorities and relevant third parties which are required for the execution and performance of the transactions contemplated under the Sale and Purchase Agreement; and

- (d) SIIC and SI Infrastructure and/or their respective subsidiaries and/or associated companies having completed all necessary legal procedures for the transfer of the Sale Share and the assignment of the Sale Loan.

In the event that any of the abovementioned conditions are not fulfilled or waived by the Company on or before the Long Stop Date, SI Infrastructure may elect to terminate the Sale and Purchase Agreement and all rights and obligations of the parties thereunder shall cease immediately upon termination save that the termination shall not affect or prejudice the then accrued rights and obligations of the parties.

Completion

Completion shall take place on the fifth Business Day following satisfaction or waiver of the conditions set out in the paragraph headed “The Sale and Purchase Agreement – Conditions” above, or on such other date as SIIC and SI Infrastructure may agree in writing.

Upon Completion, each of the Target Company and its subsidiaries will become wholly-owned subsidiaries of the Company and their financial results will be consolidated in the financial statements of the Group upon Completion. Each of the Project Company and its subsidiary will be accounted for as an associate of the Group.

Post-Completion undertaking from SI Infrastructure

SIIC and SI Infrastructure agrees that SIIC is, and shall be, entitled to all distributable profits declared, to be declared or to be paid to the Target Group for the financial year ended 31 December 2015 and the financial year ending 31 December 2016, regardless of whether Completion would take place by 31 December 2016 or not. If such distributable profits are paid to the Target Group after the date of Completion, SI Infrastructure undertakes that it shall, or shall procure the Target Group to, so far as practicable, transfer such distributable profits to the Vendor within a reasonable time.

INFORMATION ON THE GROUP, SIIC, TARGET GROUP AND HANGZHOU BAY BRIDGE

Information on the Group, SIIC and Target Group

The Group is principally engaged in the business of infrastructure facilities, real estate and consumer products. SI Infrastructure is principally engaged in investment holding.

SIIC is principally engaged in financial investment, medicine, infrastructure, real estate and consumer products.

The Target Company is a company incorporated in the British Virgin Islands with limited liability. It is an investment holding company holding approximately 23.0584% of the equity interest of the Project Company through its wholly-owned subsidiaries, SI Bridge and Shanghai Jiyun. The

remaining approximately 76.9416% of the equity interest of the Project Company are held by independent third parties.

The Project Company was established in the PRC with limited liability on 17 October 2001 and is principally engaged in the investment, operation and management of Hangzhou Bay Bridge and its ancillary facilities. The registered capital of the Project Company is RMB4,935,000,000 and has been fully paid up. As at the date of this announcement, Hangzhou Bay Bridge is the only major asset of the Project Company. Haitian Yizhou Tourism is the wholly-owned subsidiary of the Project Company. It was established in the PRC on 22 June 2015 with a registered capital of RMB8,000,000 and is principally engaged in the hotel, travel services and leasing of premises around the Hangzhou Bay Bridge area.

Information on the Hangzhou Bay Bridge

According to the relevant PRC laws, the Operating Rights of the Hangzhou Bay Bridge shall be valid for 25 years which shall run from 1 May 2008 to 30 April 2033. During the operation period, the Project Company shall collect toll fees as investment return and the profit shall be shared by equity interests holders of the Project Company in proportion to their respective equity interest in the Project Company. Upon expiry of the operation period, the Hangzhou Bay Bridge and the ancillary facilities shall be transferred back to the relevant governmental authority.

The Hangzhou Bay Bridge is one of the world's longest ocean-crossing bridge spanning across the Hangzhou Bay sea area in China, connecting Haiyan district, Jiaxing City in the north and Cixi district, and Ningbo City in the south of Zhejiang Province of the PRC. It is an important road network in the eastern coastal region of China connecting Shanghai and Ningbo. The Hangzhou Bay Bridge belongs to expressway grade which is approximately 35.673 kilometres long with dual six-lane expressway and a designed speed of 100 kilometres per hour. It has ancillary facilities including two service areas, one sea observation deck, one toll station and one monitoring station. The construction of the Hangzhou Bay Bridge was completed in April 2008 and the operation was commenced in May 2008.

Financial information of the Target Group

The audited net loss before and after taxation and extraordinary items of the Target Company for the financial year ended 31 December 2014 were both approximately HK\$15,000. For the financial year ended 31 December 2015, the audited net loss before and after taxation and extraordinary items of the Target Company were both approximately HK\$50,000. Based on the audited accounts of the Target Company prepared in accordance with the Hong Kong Financial Reporting Standards, the audited net profit before and after taxation and extraordinary items of the Target Company for the six months ended 30 June 2016 were both nil, and the audited net liabilities of the Target Company as at 30 June 2016 was approximately HK\$65,000.

The audited net profit before and after taxation and extraordinary items of SI Bridge for the financial year ended 31 December 2014 were both approximately HK\$108,000. For the financial year ended 31 December 2015, the audited net loss before and after taxation and extraordinary items of SI Bridge were both approximately HK\$79,000. Based on the audited accounts of SI

Bridge prepared in accordance with the Hong Kong Financial Reporting Standards, the audited net profit before and after taxation and extraordinary items of SI Bridge for the six months ended 30 June 2016 were both approximately HK\$55,544,000, and the audited net asset value of SI Bridge as at 30 June 2016 was approximately HK\$55,687,000.

The audited net profit before and after taxation and extraordinary items of Shanghai Jiyun for the financial year ended 31 December 2014 were both approximately RMB9,695,000. For the financial year ended 31 December 2015, the audited net profit before and after taxation and extraordinary items of Shanghai Jiyun were both approximately RMB45,981,000. Based on the audited accounts of Shanghai Jiyun prepared in accordance with the general accepted accounting principles in the PRC, the audited net profit before and after taxation and extraordinary items of Shanghai Jiyun for the six months ended 30 June 2016 were both approximately RMB29,492,000, and the audited net asset value of Shanghai Jiyun as at 30 June 2016 was approximately RMB1,492,074,000.

The audited consolidated net profit before and after taxation and extraordinary items of the Project Company and its subsidiary for the financial year ended 31 December 2014 were approximately RMB52,945,000 and RMB65,891,000, respectively. For the financial year ended 31 December 2015, the audited consolidated net profit before and after taxation and extraordinary items of the Project Company and its subsidiary were approximately RMB339,412,000 and RMB249,342,000, respectively. Based on the audited accounts of the Project Company prepared in accordance with the general accepted accounting principles in the PRC, the audited consolidated net profit before and after taxation and extraordinary items of the Project Company and its subsidiary for the six months ended 30 June 2016 were approximately HK\$210,179,000 and HK\$157,527,000, respectively, and the audited consolidated net asset value of the Project Company and its subsidiary as at 30 June 2016 was approximately RMB5,209,016,000.

The original acquisition cost of the Sale Share to SIIC amounted to approximately RMB1,466,000,000.

REASONS FOR AND BENEFITS OF THE ACQUISITION

The Board considers that the Acquisition copes with the development strategy of the Group's toll roads business. The transaction will further enhance the infrastructure facilities portfolio of the Group, and will contribute further toll income to the Group's toll roads business, thus increasing the operating profit of the Group's infrastructure business segment. Hence, it would be appropriate for the Group to proceed with the Acquisition.

The Directors (excluding the independent non-executive Directors who will express their view after considering the advice from the Independent Financial Adviser) consider that the Acquisition is fair and reasonable and on normal commercial terms and that the Acquisition is in the interests of the Group and the Shareholders as a whole.

LISTING RULES IMPLICATIONS

SIIC is the controlling Shareholder interested in approximately 58.87% of the number of Shares in issue as at the date of this announcement. Accordingly, SIIC is a connected person of the Company

under the Listing Rules and the Acquisition constitutes a connected transaction for the Company under Chapter 14A of the Listing Rules. As one or more of the applicable percentage ratios calculated pursuant to Rule 14.07 of the Listing Rules in respect of the Acquisition exceeds 5% and the Consideration is not less than HK\$10,000,000, the Acquisition is subject to the reporting, announcement and independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

In addition, as one or more of the applicable percentage ratios calculated pursuant to Rule 14.07 of the Listing Rules in respect of the Acquisition exceeds 5% but are less than 25%, the Acquisition also constitutes a discloseable transaction of the Company under the Listing Rules and is subject to the reporting and announcement requirements under Chapter 14 of the Listing Rules.

The Company will convene the EGM at which resolutions will be proposed for approval by the Independent Shareholders of the Sale and Purchase Agreement and the transactions contemplated thereunder. As SIIC, being the vendor of the Sale Share and the Sale Loan, has a material interest in the Acquisition and the transactions contemplated under the Sale and Purchase Agreement, SIIC and its associates shall abstain from voting on the resolutions to be proposed at the EGM to approve the Sale and Purchase Agreement and the transactions contemplated thereunder.

The Independent Board Committee has been established to advise the Independent Shareholders in respect of the Acquisition, and Somerley Capital Limited has been appointed as the Independent Financial Adviser by the Company to advise the Independent Board Committee and the Independent Shareholders in respect of the Sale and Purchase Agreement and the Acquisition.

A circular containing, amongst others, (1) further information on the Sale and Purchase Agreement and the Acquisition; (2) the recommendation from the Independent Board Committee in respect of the Sale and Purchase Agreement and the Acquisition; (3) the advice from the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders in respect of the Sale and Purchase Agreement and the Acquisition; (4) the Valuation Report; and (5) the notice convening the EGM, will be despatched to the Shareholders as soon as practicable and in accordance with the Listing Rules. The circular is currently expected to be despatched to the Shareholders on or before 24 October 2016.

PROFIT FORECAST REQUIREMENT UNDER THE LISTING RULES

The Independent Valuer was commissioned by the Company to conduct a valuation on the market value of the Operation Rights, which forms one of the basis for determining the Consideration for the Acquisition.

The Independent Valuer has adopted the discounted cash flow approach to assess the market value of the Operation Rights, as at 30 June 2016 as RMB12,480,000,000.

Accordingly, the Valuation Report on the market value of the Operation Rights prepared by the Independent Valuer constitutes a profit forecast under Rule 14.61 of the Listing Rules. This announcement is therefore subject to the requirements under Rules 14.60A and 14.62 of the Listing Rules in relation to profit forecast.

Assumptions of valuation

The principal assumptions, including commercial assumptions, upon which the Valuation Report was based are as follows:

- the conditions in which the business are being operated and which are material to revenue and costs of businesses will remain unchanged;
- no hidden or unexpected conditions of the business might adversely affect the market value;
- the management and operation costs in which the business is being operated will be in accordance with the capital expenditure projection provided by Wilbur Smith Consulting (Shenzhen) Co., Ltd. (施偉拔諮詢(深圳)有限公司), an independent traffic consultant (the “**Traffic Consultant**”).
- the financial and operational information provided by the Traffic Consultant which is realistic and accurate, the Independent Valuer relied to such information in arriving at its opinion of value;
- the current financial, economic, legal and political conditions which prevail in the PRC and in the neighbouring cities/countries and which are material to the revenues generated by the businesses will remain unchanged;
- the current taxation and legislation will remain unchanged;
- inflation and interest rates will remain unchanged from the rates prevailing at the date of valuation;
- the operation periods of Hangzhou Bay Bridge is due to expire on 30 April 2033;
- competent management, key personnel and technical staff will be maintained to support the ongoing operation;
- no major business disruptions through international crisis, industrial disputes, industrial accidents or severe weather conditions will be affected the existing business;
- the claims and litigation against the business will remain free;
- any statutory notice and requirements will not affect the operation of the business;
- no unusual or onerous restrictions or encumbrance is subject to.

Confirmations

Deloitte Touche Tohmatsu, acting as the Company's auditor, has examined the calculations of the discounted future estimated cash flows on which the Valuation Report was based.

Deloitte Touche Tohmatsu has reported to the Directors in respect of the compilation, in accordance with the assumptions described above, of the discounted future estimated cash flows in connection with the valuation of the market value of the Operation Rights prepared by the Independent Valuer as set out in the Valuation Report. The Directors are solely responsible for the assumptions described above and the work performed by Deloitte Touche Tohmatsu did not include any assessment of the reasonableness or validity of the assumptions.

The Directors confirm that the valuation of the market value of the Operation Rights has been made after due and careful enquiry.

A report from Deloitte Touche Tohmatsu dated 30 September 2016 in compliance with Rule 14.62(2) of the Listing Rules and a letter from the Board in compliance with Rule 14.62(3) of the Listing Rules have been submitted to the Stock Exchange, the texts of which are included in Appendix I and Appendix II to this announcement, respectively.

Experts and consents

The qualifications of the experts who have given their statements in this announcement are as follows:

| Name | Qualification |
|---------------------------------|------------------------------|
| DTZ Cushman & Wakefield Limited | Independent Valuer |
| Deloitte Touche Tohmatsu | Certified Public Accountants |

To the best of the Directors' knowledge, information and belief and after having made all reasonable enquiries, each of the Independent Valuer and Deloitte Touche Tohmatsu is a third party independent of the Group and is not a connected person of the Group. As at the date of this announcement, neither the Independent Valuer nor Deloitte Touche Tohmatsu has any shareholding in any member of the Group or any right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in any member of the Group.

Each of the Independent Valuer and Deloitte Touche Tohmatsu has given and has not withdrawn its respective written consent to the issue of this announcement with inclusion of its name, statements and all references to its name (including its qualification) in the form and context in which they are included.

DEFINITIONS

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

| | |
|--------------------------|--|
| “Acquisition” | the proposed acquisition of the Sale Share and the Sale Loan by SI Infrastructure from SIIC pursuant to the Sale and Purchase Agreement |
| “Board” | the board of Directors |
| “Business Day(s)” | a day other than Saturday or Sunday, on which banks are open in Hong Kong and the PRC to general public for business |
| “Company” | Shanghai Industrial Holdings Limited, a company incorporated in Hong Kong with limited liability, the shares of which are listed on the Main Board of the Stock Exchange |
| “Completion” | completion of the Acquisition in accordance with the terms and conditions of the Sale and Purchase Agreement |
| “Consideration” | the consideration payable for the transfer of the Sale Share and the assignment of the Sale Loan |
| “Director(s)” | the director(s) of the Company |
| “EGM” | an extraordinary general meeting of the Company to be held to consider and, if thought fit, approve the Sale and Purchase Agreement and the transactions contemplated thereunder |
| “Group” | the Company and its subsidiaries |
| “Haitian Yizhou Tourism” | Ningbo Haitian Yizhou Tourism Service Co., Ltd. (寧波市海天一洲旅遊服務有限公司), a company established in the PRC with limited liability |
| “Hangzhou Bay Bridge” | Hangzhou Bay Bridge (杭州灣大橋), the ocean-crossing bridge operated by the Project Company which connects the municipalities of Jiaxing and Ningbo in Zhejiang province of the PRC |
| “HK\$” | Hong Kong dollars, the lawful currency of Hong Kong |
| “Hong Kong” | the Hong Kong Special Administrative Region of the PRC |

| | |
|---------------------------------|---|
| “Independent Board Committee” | an independent committee of the Board comprising all the independent non-executive Directors, namely, Prof. Woo Chia-Wei, Mr. Leung Pak To, Francis, Mr. Cheng Hoi Chuen, Vincent and Mr. Yuen Tin Fan, Francis |
| “Independent Financial Adviser” | Somerley Capital Limited, a corporation licensed to carry out type 1 (dealing in securities) and type 6 (advising on corporate finance) 6 regulated activities under the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong), the independent financial adviser appointed to advise the Independent Board Committee and the Independent Shareholders in relation to the Sale and Purchase Agreement and the Acquisition |
| “Independent Shareholders” | the Shareholders who are not prohibited under the Listing Rules from voting at the EGM to approve the Sale and Purchase Agreement and the Acquisition |
| “Independent Valuer” | DTZ Cushman & Wakefield Limited, an independent professional valuer commissioned by the Company for the purpose of issuing the Valuation Report |
| “Listing Rules” | the Rules Governing the Listing of Securities on the Stock Exchange |
| “Long Stop Date” | 31 March 2017, or such later date as the Company may elect to extend pursuant to the Sale and Purchase Agreement |
| “PRC” | the People’s Republic of China (for the purposes of this announcement, excluding Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan) |
| “Operation Rights” | the whole operation rights till 30 April 2033 in the PRC of Hangzhou Bay Bridge held by the Project Company |
| “Project Company” | Ningbo Hangzhou Bay Bridge Development Co., Ltd. (寧波市杭州灣大橋發展有限公司*), a company established in the PRC with limited liability |
| “RMB” | Renminbi, the lawful currency of the PRC |
| “Sale and Purchase Agreement” | the conditional sale and purchase agreement dated 30 September 2016 entered into between SIIC and SI Infrastructure in relation to the Acquisition |
| “Sale Loan” | all outstanding shareholder’s loans owing by SI Bridge to SIIC as at the date of Completion |

| | |
|---------------------|--|
| “Sale Share” | one share in the share capital of the Target Company, representing the entire issued share capital of the Target Company |
| “Shanghai Jiyun” | Shanghai Ji Yun Infrastructure Construction Co., Ltd. (上海濟云基礎建設有限公司*), a company established in the PRC with limited liability |
| “Share(s)” | ordinary share(s) in the share capital of the Company |
| “Shareholder(s)” | holder(s) of the Share(s) |
| “SI Bridge” | S.I. infrastructure Bridge (Hong Kong) Limited, a company incorporated in Hong Kong with limited liability |
| “SI Infrastructure” | S.I. Infrastructure Holdings Limited (上實基建控股有限公司), a company incorporated in the British Virgin Islands with limited liability, and a 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 |
| “Stock Exchange” | The Stock Exchange of Hong Kong Limited |
| “Target Company” | Yield Express Limited (捷盈有限公司), a company incorporated in the British Virgin Islands with limited liability |
| “Target Group” | collectively, the Target Company, SI Bridge, Shanghai Jiyun and the Project Company |
| “Valuation Report” | the valuation report dated 30 September 2016 on the market value of the Operation Rights prepared by the Independent Valuer as at 30 June 2016 |
| “%” | per cent. |

In this announcement, the terms “associate”, “connected person”, “controlling shareholder” and “subsidiary” have the meanings given to such terms in the Listing Rules, unless the context otherwise requires.

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

Hong Kong, 30 September 2016

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

Executive Directors:

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

Independent Non-Executive Directors:

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

**The English name is an informal English translation of its official Chinese name.*

APPENDIX I – REPORT FROM THE COMPANY’S AUDITOR

INDEPENDENT ASSURANCE REPORT ON CALCULATIONS OF DISCOUNTED FUTURE ESTIMATED CASH FLOWS IN CONNECTION WITH THE VALUATION OF THE WHOLE OPERATION RIGHTS TILL 30 APRIL 2033 OF HANGZHOU BAY BRIDGE, NINGBO

TO THE DIRECTORS OF SHANGHAI INDUSTRIAL HOLDINGS LIMITED

We have examined the calculations of the discounted future estimated cash flows on which the valuation prepared by DTZ Cushman & Wakefield Limited dated 30 September 2016, of the whole operation rights till 30 April 2033 of Hangzhou Bay Bridge, Ningbo (“**Hangzhou Bay Bridge**”) held by 寧波市杭州灣大橋發展有限公司 (Ningbo Hangzhou Bay Bridge Development Co., Ltd.) (“**Hangzhou Bay Bridge Development**”) in the People’s Republic of China as at 30 June 2016 (the “**Valuation**”) is based. The Valuation based on the discounted future estimated cash flows is regarded as a profit forecast under Rule 14.61 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Listing Rules**”) and will be included in the announcement dated 30 September 2016 to be issued by Shanghai Industrial Holdings Limited (the “**Company**”) in connection with the acquisition of indirect equity interest in a company engaged in the operation of Hangzhou Bay Bridge (the “**Announcement**”).

Directors' Responsibility for the Discounted Future Estimated Cash Flows

The directors of the Company are responsible for the preparation of the discounted future estimated cash flows in accordance with the bases and assumptions determined by the directors and set out in the Announcement (the “**Assumptions**”). This responsibility includes carrying out appropriate procedures relevant to the preparation of the discounted future estimated cash flows for the Valuation and applying an appropriate basis of preparation; and making estimates that are reasonable in the circumstances.

Our Independence and Quality Control

We have complied with the independence and other ethical requirements of the “Code of Ethics for Professional Accountants” issued by the Hong Kong Institute of Certified Public Accountants (the “**HKICPA**”), which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behavior.

Our firm applies Hong Kong Standard on Quality Control 1 “Quality Control for Firms that Perform Audits and Reviews of Financial Statements, and Other Assurance and Related Services Engagements” issued by the HKICPA and accordingly maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Reporting Accountants' Responsibility

Our responsibility is to express an opinion on the arithmetical accuracy of the calculations of the discounted future estimated cash flows on which the Valuation is based and to report solely to you, as a body, as required by Rule 14.62(2) of the Listing Rules, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

Our engagement was conducted in accordance with Hong Kong Standard on Assurance Engagements 3000 (Revised) "Assurance Engagements Other Than Audits or Reviews of Historical Financial Information" issued by the HKICPA. This standard requires that we comply with ethical requirements and plan and perform the assurance engagement to obtain reasonable assurance on whether the discounted future estimated cash flows, so far as the calculations are concerned, have been properly compiled in accordance with the Assumptions. Our work was limited primarily to making inquiries of the Company's management, considering the analyses and assumptions on which the discounted future estimated cash flows are based and checking the arithmetic accuracy of the compilation of the discounted future estimated cash flows. Our work does not constitute any valuation of Hangzhou Bay Bridge.

Because the Valuation relates to discounted future estimated cash flows, no accounting policies of the Company have been adopted in its preparation. The Assumptions include hypothetical assumptions about future events and management actions which cannot be confirmed and verified in the same way as past results and these may or may not occur. Even if the events and actions anticipated do occur, actual results are still likely to be different from the Valuation and the variation may be material. Accordingly, we have not reviewed, considered or conducted any work on the reasonableness and the validity of the Assumptions and do not express any opinion whatsoever thereon.

Opinion

Based on the foregoing, in our opinion, the discounted future estimated cash flows, so far as the calculations are concerned, have been properly compiled, in all material respects, in accordance with the Assumptions.

Deloitte Touche Tohmatsu
Certified Public Accountants
Hong Kong

30 September 2016

APPENDIX II – LETTER FROM THE BOARD

30 September 2016

Listing Division
The Stock Exchange of Hong Kong Limited
11th Floor, One International Finance Centre
1 Harbour View Street
Hong Kong

Dear Sir / Madam,

Discloseable and Connected Transaction – Acquisition of indirect equity interest in a company engaged in the operation of Hangzhou Bay Bridge

We refer to the announcement of Shanghai Industrial Holdings Limited (the “**Company**”) dated 30 September 2016 in relation to the acquisition of indirect equity interest in a company engaged in the operation of Hangzhou Bay Bridge (the “**Announcement**”). Unless the context otherwise requires, terms defined in the Announcement shall have the same meanings when used herein.

We have reviewed and discussed the Valuation Report, which forms one of the basis for determining the Consideration for the Acquisition. We note that the methodology applied in deriving the valuation of the market value of the Operation Rights is regarded as a profit forecast under Rule 14.61 of the Listing Rules. Pursuant to Rule 14.62 of the Listing Rules, we have engaged Deloitte Touche Tohmatsu, acting as the Company’s auditors, to examine the arithmetical accuracy of the calculation of the Valuation Report in accordance with Hong Kong Standard on Assurance Engagements 3000 (Revised) “Assurance Engagements Other Than Audits or Reviews of Historical Financial Information” issued by the Hong Kong Institute of Certified Public Accountants.

On the basis of the above, we confirm that the valuation of the market value of the Operation Rights as contained in the Valuation Report has been made after due and careful enquiry.

Yours faithfully,
For and on behalf of the board of directors of
Shanghai Industrial Holdings Limited
Xu Bo
Executive Director and Deputy CEO