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*(Incorporated in Hong Kong with limited liability)*

**(Stock Code: 363)**

## **CONNECTED TRANSACTION**

### **NEW ENTRUSTED LOAN CONTRACT**

#### **NEW ENTRUSTED LOAN CONTRACT**

Reference is made to the announcement of the Company dated 9 October 2017 on the Existing Entrusted Loan Contract entered into among Shen Yu Highway (an indirect wholly-owned subsidiary of the Company) (as lender), the Existing Bank (as lending agent) and Shanghai Galaxy (as borrower), pursuant to which Shen Yu Highway entrusted the Existing Bank to grant the Entrusted Loan in the principal amount of RMB200,000,000 to Shanghai Galaxy, with a term of 12 months to support the operation and development of Shanghai Galaxy.

As the Entrusted Loan under the Existing Entrusted Loan Contract was repaid, Shen Yu Highway, the New Bank and Shanghai Galaxy entered into the New Entrusted Loan Contract on 21 June 2018 on substantially the same terms as the Existing Entrusted Loan Contract for a further 12-month period from 21 June 2018 to 20 June 2019.

#### **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 59.49% 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 Galaxy is therefore an associate of SIIC and a connected person of the Company. Accordingly, the entering into of the New 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 New 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 NEW ENTRUSTED LOAN CONTRACT**

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

### **Date:**

21 June 2018

### **Parties:**

- (i) Shen Yu Highway, as the lender
- (ii) the New Bank, as the lending agent
- (iii) Shanghai Galaxy, as the borrower

To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, the New Bank and its ultimate beneficial owner are third parties independent of the Company and its connected persons.

### **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 relevant period which was issued by the People's Bank of China and remains as that of the Existing Entrusted Loan Contract.

The accrued interest shall be accrued daily and settled by Shanghai Galaxy quarterly during the term of the Entrusted Loan.

### **Term:**

12 months commencing from 21 June 2018 to 20 June 2019.

**Repayment of principal:**

Shanghai Galaxy shall repay the principal in a one-off payment upon the expiry of the New Entrusted Loan Contract.

**REASONS FOR AND BENEFITS OF ENTERING INTO THE NEW ENTRUSTED LOAN CONTRACT**

The Group, SIIC Shanghai and SIIC hold 45:45:10 of the registered capital of Shanghai Galaxy respectively, and Shanghai Galaxy is equity accounted for as an associated company in the consolidated financial statements of the Company. Currently, Shanghai Galaxy has 11 photovoltaic power projects with a total power generation capacity of 560 megawatts. All of them have been connected to grids, and a majority of the projects are listed into the subsidy catalogue for renewable energy. Taking into account that the photovoltaic power business operated by Shanghai Galaxy is in line with the Group's development strategy and the projects operated by Shanghai Galaxy are in stable operation with sound revenue return, the Entrusted Loan to Shanghai Galaxy is considered to have a relatively low credit risk. The Entrusted Loan not only has provided Shanghai Galaxy with necessary financial support, but will also be able to increase Shen Yu Highway's interest income. As it is expected that Shanghai Galaxy will continue to require the financial support from the Entrusted Loan beyond the term of the Existing Entrusted Loan Contract, Shen Yu Highway and Shanghai Galaxy have agreed to repay the Entrusted Loan under the Existing Entrusted Loan Contract prior to the expiry of its term, and replace such loan with the Entrusted Loan under the New Entrusted Loan Contract for a 12-month period from 21 June 2018 to 20 June 2019.

The Directors (including the independent non-executive Directors) consider that the terms of the New 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 New Entrusted Loan Contract 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 New Entrusted Loan Contract.

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## **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).

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 New 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.

## **DEFINITIONS**

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

|                       |   |
|-----------------------|---|
| “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 Existing Entrusted Loan Contract or the New Entrusted Loan Contract (as the case may be)  |
| “Existing 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      |

|                                    |   |
|------------------------------------|---|
| “Existing Entrusted Loan Contract” | the entrusted loan contract dated 9 October 2017 entered into between Shen Yu Highway, the Existing 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   |
| “New Bank”                         | 上海浦東發展銀行 (Shanghai Pudong Development Bank), the bank designated by Shen Yu Highway and Shanghai Galaxy as lending agent  |
| “New Entrusted Loan Contract”      | the entrusted loan contract dated 21 June 2018 entered into between Shen Yu Highway, the New Bank and Shanghai Galaxy in respect of the Entrusted Loan  |
| “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 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 |
| “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  |
| “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   |

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

Hong Kong, 21 June 2018

*As at the date of this announcement, the Board of Directors 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*