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(Incorporated in Hong Kong with limited liability)

(Stock Code: 363)

CONTINUING CONNECTED TRANSACTIONS

IN RELATION TO (1) SUPPLEMENTARY AGREEMENTS TO FOUR ENTRUSTMENT AGREEMENTS AND (2) NEW ENTRUSTMENT AGREEMENT

SUPPLEMENTARY AGREEMENTS

Reference is made to the announcement of the Company dated 25 June 2018 (the “**Announcement**”) on the entering into the Four Entrustment Agreements between each of the Four Relevant Companies and Shanghai Galaxy on the same terms for a term of three years from the Commencement Date to the Expiry Date. Unless otherwise defined, capitalised terms used herein shall have the same meanings as those defined in the Announcement.

The Board announces that on 18 September 2018, each of the Four Relevant Companies and Shanghai Galaxy separately entered into the Supplementary Agreement on the same terms, pursuant to which the scope within which the entrusted funds can be invested under the relevant Entrustment Agreement has been extended. Save for the above, all other existing terms and conditions under the Four Entrustment Agreements remain unchanged and in full force and effect.

NEW ENTRUSTMENT AGREEMENT

On 18 September 2018, subsequent to the execution of the Four Entrustment Agreements, WF Dongguan, an indirect non-wholly owned subsidiary of the Company, entered into the Entrustment Agreement 5 with Shanghai Galaxy on the same terms (other than the maximum amount of entrustment fund to be provided by WF Dongguan) as those of the Four Entrustment Agreements (as supplemented and amended by the Supplementary Agreements).

LISTING RULES IMPLICATIONS

SIIC is the controlling shareholder of the Company holding approximately 59.87% of the entire issued share capital of the Company, and is therefore a connected person of the Company. SIIC Financial Services (a wholly-owned subsidiary of SIIC) holds 10% of the registered capital of Shanghai Galaxy and SIIC 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. As such, Shanghai Galaxy is an associate of SIIC and a connected person of the Company. Accordingly, the transactions as contemplated under the Entrustment Agreement 5 constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules.

As the Entrustment Agreement 5 was entered into within a 12-month period after the signing of the Four Entrustment Agreements, the transactions contemplated under the Entrustment Agreement 5 are required to be aggregated with those of the Four Entrustment Agreements as if they were one transaction pursuant to Rule 14A.81 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 maximum amount of entrustment funds, each of the annual caps of guaranteed Returns payable to all the Relevant Companies (i.e. the Four Relevant Companies and WF Dongguan), the annual caps of revenue surplus payable to all the Relevant Companies and/or the annual caps of revenue surplus payable to Shanghai Galaxy for the continuing connected transactions as contemplated under all the Entrustment Agreements (i.e. the Four Entrustment Agreements and the Entrustment Agreement 5) are in aggregate over 0.1% but less than 5%, the entering into of all the Entrustment Agreements are still only subject to the reporting and announcement requirements, and are exempt from the independent shareholders' approval requirement under Chapter 14A of the Listing Rules.

SUPPLEMENTARY AGREEMENTS

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The Board announces that on 18 September 2018, each of the Four Relevant Companies and Shanghai Galaxy separately entered into the Supplementary Agreement on the same terms, pursuant to which the scope within which the entrusted funds can be invested under the relevant Entrustment Agreement has been extended. Save for the above, all other existing terms and conditions under the Four Entrustment Agreements remain unchanged and in full force and effect.

Date

18 September 2018

The parties*Supplementary Agreement 1*

- (a) Hu-Ning Expressway, an indirect wholly-owned subsidiary of the Company; and
- (b) Shanghai Galaxy, a company held by Hu-Ning Expressway, SIIC Shanghai and SIIC Financial Services as to 45%, 45% and 10% of its registered capital respectively.

Supplementary Agreement 2

- (a) Luqiao Development, an indirect wholly-owned subsidiary of the Company; and
- (b) Shanghai Galaxy.

Supplementary Agreement 3

- (a) Shen Yu Highway, an indirect wholly-owned subsidiary of the Company; and
- (b) Shanghai Galaxy.

Supplementary Agreement 4

- (a) Shanghai Ji Yun, an indirect wholly-owned subsidiary of the Company; and
- (b) Shanghai Galaxy.

Subject Matter

The scope within which the entrusted funds can be invested under the Four Entrustment Agreements has been extended to include equity assets (such as A shares, listed Hong Kong's shares and unlisted shares (including debt-for-equity swap)), securities investment funds and other asset management products, deposits, debentures, other debt assets and investment targets, and other legal assets, but excludes leveraged investment.

Save for the above, all other existing terms and conditions under the Four Entrustment Agreements remain unchanged and in full force and effect.

NEW ENTRUSTMENT AGREEMENT

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Date

18 September 2018

The parties

- (a) WF Dongguan, an indirect non-wholly owned subsidiary of the Company; and
- (b) Shanghai Galaxy.

The entrustment term

The entrustment period is for three years from the Commencement Date to the Expiry Date.

The details

Scope of entrustment

Like the Four Relevant Companies, WF Dongguan shall provide at least RMB10,000,000 as the initial entrustment fund. The total maximum amount of the entrustment funds to be provided by all the Relevant Companies under the Entrustment Agreements shall remain to be no more than RMB600,000,000, provided that the maximum amount of entrustment fund from WF Dongguan does not exceed RMB400,000,000, the amount of which was determined based on Shanghai Galaxy's available human resources on fund management, investment research and daily trading operation, etc. for handling such amount of entrustment funds and the available funds that may be offered by the Relevant Companies. The scope within which the entrusted funds can be invested includes equity assets (such as A shares, listed Hong Kong's shares and unlisted shares, including debt-for-equity swap), securities investment funds and other asset management products, deposits, debentures, other debt assets and investment targets, and other legal assets, but excludes leveraged investment. In general, Shanghai Galaxy shall notify a Relevant Company in writing at least 10 Business Days in advance requesting for the actual amount of entrustment funds to be used.

Guaranteed Returns

Shanghai Galaxy shall pay guaranteed Returns calculated on a daily basis at the rate of 5% per annum on the accumulated principal of the entrustment funds. The annual caps for the aggregate amount of guaranteed Returns payable to the Relevant Companies by Shanghai Galaxy under the Entrustment Agreements will be RMB15,863,014 for the period from the Commencement Date to 31 December 2018, RMB30,000,000 for the period from 1 January 2019 to 31 December 2019, RMB30,000,000 for the period from 1 January 2020 to 31 December 2020 and RMB30,000,000 for the period from 1 January 2021 to the Expiry Date.

Such guaranteed rates offered by Shanghai Galaxy are comparable to that offered by other PRC asset management entities in the market and were calculated and determined based on Shanghai Galaxy's overall past investment performance and the benchmark interest rate of People's Bank of China for the relevant period, and are on normal commercial terms.

During the entrustment term, Returns shall be payable by Shanghai Galaxy on 15 January of the following year, or if such date is not a Business Day, on the next Business Day. Upon expiry of the entrustment term, Shanghai Galaxy shall return all principal and unpaid Returns to the Relevant Companies in cash within 10 Business Days after the term.

Revenue surplus

If there is any revenue surplus after making the above distribution and deducting all taxes and expenses, such sum shall be divided between Shanghai Galaxy and the Relevant Companies on a 50:50 basis. 50% of the revenue surplus shall be distributed among the Relevant Companies based on the amount of entrustment funds entrusted and the duration of entrustment. The annual caps for the aggregate amount of revenue surplus payable to the Relevant Companies or Shanghai Galaxy under the Entrustment Agreements will be RMB317,260,274 for the period from the Commencement Date to 31 December 2018, RMB600,000,000 for the period from 1 January 2019 to 31 December 2019, RMB600,000,000 for the period from 1 January 2020 to 31 December 2020 and RMB600,000,000 for the period from 1 January 2021 to the Expiry Date.

The annual caps of revenue surplus payable to the Relevant Companies or Shanghai Galaxy under the Entrustment Agreements were calculated and determined after taking into account the following:

- (a) the aggregate amount to be invested under the Entrustment Agreements and the investment strategies as mutually agreed by the parties;
- (b) the projected returns on investments per year; and
- (c) the estimated operating cost of Shanghai Galaxy in the course of the provision of assets management services to the Relevant Companies.

Upon expiry of the entrustment term, Shanghai Galaxy will receive the revenue surplus under Entrustment Agreements in cash within 10 Business Days after the term.

Unrealized assets

If any assets managed by Shanghai Galaxy under the Entrustment Agreements cannot be realized at the expiry of the agreements, such assets shall be realized as soon as practicable and the relevant amount of cash shall then be immediately allocated to the Relevant Companies and/or Shanghai Galaxy in the following order:

- (1) returning all principal and unpaid Returns to the Relevant Companies; and
- (2) dividing any revenue surplus between the Relevant Companies and Shanghai Galaxy on a 50:50 basis after making the above distribution and deducting all taxes and expenses.

REASONS FOR AND BENEFITS OF ENTERING INTO THE SUPPLEMENTARY AGREEMENTS AND THE ENTRUSTMENT AGREEMENT 5

By entering into the Supplementary Agreements, the Company considers that the extension of the scope of investment gives greater flexibility for Shanghai Galaxy in the use of the entrusted funds under the Four Entrustment Agreements and increases chances of receiving better and more returns by the Four Relevant Companies.

By entering into of the Entrustment Agreement 5, it is expected that WF Dongguan will receive guaranteed and additional returns apart from the stable income they gained from its general businesses, and their investments will be much safeguarded. It is also considered that Shanghai Galaxy has the experience and expertise in assets management, and being a company owned by Hu-Ning Expressway, SIIC Shanghai and SIIC Financial Services as to 45%, 45% and 10% of its registered capital respectively, its ability for continued operation and fulfilling contractual obligations are much secured when compared with other assets management entities.

The Directors (including the independent non-executive Directors) consider that the continuing connected transactions as contemplated under the Entrustment Agreement 5 and the Supplementary Agreements are on normal commercial terms in the ordinary and usual course of business of the Company after arm's length negotiations, and that the terms of the Entrustment Agreement 5 and the Supplementary Agreements, the annual caps of guaranteed Returns payable to all the Relevant Companies, the annual caps of revenue surplus payable to all the Relevant Companies and/or the annual caps of revenue surplus payable to Shanghai Galaxy for the continuing connected transactions as contemplated all the Entrustment Agreements are fair and reasonable and in the interests of the Group and the Shareholders as a whole.

None of the Directors had a material interest in the Entrustment Agreement 5 or the Supplementary Agreements or was required to abstain from voting on the relevant Board resolutions approving the Entrustment Agreement 5, the Supplementary Agreements and the transactions contemplated thereunder. 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 resolutions approving the Entrustment Agreement 5, the Supplementary Agreements and the transactions contemplated thereunder.

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As the Entrustment Agreement 5 was entered into within a 12-month period after the signing of the Four Entrustment Agreements, the transactions contemplated under the Entrustment Agreement 5 are required to be aggregated with those of the Four Entrustment Agreements as if they were one transaction pursuant to Rule 14A.81 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 maximum amount of entrustment funds, each of the annual caps of guaranteed Returns payable to all the Relevant Companies (i.e. the Four Relevant Companies and WF Dongguan), the

annual caps of revenue surplus payable to all the Relevant Companies and/or the annual caps of revenue surplus payable to Shanghai Galaxy for the continuing connected transactions as contemplated under all the Entrustment Agreements (i.e. the Four Entrustment Agreements and the Entrustment Agreement 5) are in aggregate over 0.1% but less than 5%, the entering into of all the Entrustment Agreements are still only subject to the reporting and announcement requirements, and are exempt from the independent shareholders' approval requirement under Chapter 14A of the Listing Rules.

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 Expressway (Shanghai Section).

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

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 Ji Yun is an indirect wholly-owned subsidiary of the Company. It is principally engaged in investment holding, holding approximately 23.0584% interest in the project company operating the Hangzhou Bay Bridge.

WF Dongguan is an indirect non wholly-owned subsidiary of the Company. It is principally engaged in the business of printing of packaging materials.

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.

DEFINITIONS

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

“Announcement”	has the meaning ascribed to it under the section headed “SUPPLEMENTARY AGREEMENTS” in this announcement
“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

“Entrustment Agreement 5”	the asset management entrustment agreement entered into between WF Dongguan and Shanghai Galaxy on 18 September 2018
“Entrustment Agreements”	collectively, the Entrustment Agreement 1, the Entrustment Agreement 2, the Entrustment Agreement 3, the Entrustment Agreement 4 and the Entrustment Agreement 5, and “Entrustment Agreement” means any of them
“Four Entrustment Agreements”	collectively, the Entrustment Agreement 1, the Entrustment Agreement 2, the Entrustment Agreement 3 and the Entrustment Agreement 4
“Four Relevant Companies”	collectively, Hu-Ning Expressway, Luqiao Development, Shen Yu Highway and Shanghai Ji Yun
“Relevant Companies”	collectively, Hu-Ning Expressway, Luqiao Development, Shen Yu Highway, Shanghai Ji Yun and WF Dongguan, and “Relevant Company” means any of them
“SIIC Financial Services”	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
“Supplementary Agreement 1”	the supplementary agreement to the Entrustment Agreement 1 entered into between Hu-Ning Expressway and Shanghai Galaxy on 18 September 2018
“Supplementary Agreement 2”	the supplementary agreement to the Entrustment Agreement 2 entered into between Luqiao Development and Shanghai Galaxy on 18 September 2018
“Supplementary Agreement 3”	the supplementary agreement to the Entrustment Agreement 3 entered into between Shen Yu Highway and Shanghai Galaxy on 18 September 2018
“Supplementary Agreement 4”	the second supplementary agreement to the Entrustment Agreement 4 (as supplemented and amended by the first supplementary agreement dated 25 June 2018 in relation to the determination of actual entrustment fund after the distribution of dividend) entered into between Shanghai Ji Yun and Shanghai Galaxy on 18 September 2018
“Supplementary Agreements”	collectively, the Supplementary Agreement 1, the Supplementary Agreement 2, the Supplementary Agreement 3 and the Supplementary Agreement 4, and the “Supplementary Agreement” means any of them
“WF Dongguan”	永發印務（東莞）有限公司 (Wing Fat Printing (Dongguan) Co., Ltd.*), a company established in the PRC with limited liability and an indirect non-wholly owned subsidiary of the Company

**For identification purposes only.*

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

Hong Kong, 18 September 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