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*(Incorporated in Hong Kong with limited liability)*

**(Stock Code: 363)**

## **CONNECTED TRANSACTION**

### **ENTRUSTED LOAN EXTENSION AGREEMENT ENTERED INTO WITH SHANGHAI GALAXY**

#### **EXTENSION OF ENTRUSTED LOAN CONTRACT**

Reference is made to the announcement of the Company dated 21 June 2018 on the Existing Entrusted Loan Contract entered into among Shanghai Shen-Yu (an indirect wholly-owned subsidiary of the Company) (as lender), the Bank (as lending agent) and Shanghai Galaxy (as borrower), pursuant to which Shanghai Shen-Yu entrusted the Bank to grant the Existing 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 Existing Entrusted Loan Contract will expire on 20 June 2019, Shanghai Shen-Yu, the Bank and Shanghai Galaxy entered into the Extension Agreement on 17 June 2019 on substantially the same terms as the Existing Entrusted Loan Contract in order to extend the terms of the Existing Entrusted Loan for a 12-month period from 21 June 2019 to 20 June 2020, with the principal amount of the loan revised to RMB160,000,000.

#### **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 60.64% of the entire issued capital of the Company, and is therefore a connected person of the Company. SIIC (through its 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 entering into of the Extension Agreement 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 Extension Agreement are more than 0.1% but less than 5%, the entering into of 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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## **THE EXTENSION AGREEMENT**

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

### **Date:**

17 June 2019

### **Parties:**

- (i) Shanghai Shen-Yu, as the lender
- (ii) the 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 Bank and its ultimate beneficial owner are third parties independent of the Company and its connected persons.

### **Principal:**

RMB160,000,000

**Interest rate:**

Fixed interest rate of 5% 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.

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

**Term:**

12 months commencing from 21 June 2019 to 20 June 2020.

**Repayment of principal:**

Shanghai Galaxy shall make a bullet repayment upon the expiry of the Extension Agreement.

**REASONS FOR AND BENEFITS OF ENTERING INTO THE EXTENSION AGREEMENT**

The Group, SIIC Shanghai and SIIC (through its subsidiaries) 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 12 photovoltaic power projects with a total power generation capacity of 580 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, granting the New Entrusted Loan to Shanghai Galaxy to refinance the Existing Entrusted Loan is considered to have a relatively low credit risk. The New Entrusted Loan will continue to provide Shanghai Galaxy with the necessary financial support, and increase Shanghai Shen-Yu's interest income.

As it is expected that Shanghai Galaxy will continue to require the financial support from the Existing Entrusted Loan beyond the term of the Existing Entrusted Loan Contract, Shanghai Shen-Yu and Shanghai Galaxy have agreed to extend the terms of the Existing Entrusted Loan by way of entering into the Extension Agreement for a 12-month period from 21 June 2019 to 20 June 2020.

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 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 Extension Agreement or was required to abstain from voting on the relevant resolution(s) of the Board. However, Mr. Shen Xiao Chu, an executive director and the chairman of SIIC; Mr. Zhou Jun, an executive director and the president of SIIC and also the chairman and director of Shanghai Galaxy; and 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.

Shanghai Shen-Yu 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 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:

|         |   |
|---------|---|
| “Bank”  | 上海浦東發展銀行股份有限公司崇明分行 (Shanghai Pudong Development Bank Co., Ltd., Chongming Branch), the bank designated by Shanghai Shen-Yu and Shanghai Galaxy as lending agent |
| “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  |
| “Existing Entrusted Loan”          | the loan in the principal amount of RMB200,000,000 made pursuant to the Existing Entrusted Loan Contract  |
| “Existing Entrusted Loan Contract” | the entrusted loan contract dated 21 June 2018 entered into between Shanghai Shen-Yu, the Bank and Shanghai Galaxy in respect of the provision of the Existing Entrusted Loan   |
| “Extension Agreement”              | the extension agreement dated 17 June 2019 entered into between Shanghai Shen-Yu, the Bank and Shanghai Galaxy  |
| “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 Entrusted Loan”               | the loan in the principal amount of RMB160,000,000 made pursuant to the Extension Agreement   |
| “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 |
| “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   |

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|------------------|---|
| “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, 17 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*