

Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.



(Incorporated in Hong Kong with limited liability)

(Stock Code: 363)

CONNECTED AND DISCLOSEABLE TRANSACTION

DISPOSAL OF INTEREST IN A COMPANY HOLDING PROPERTY INTEREST IN QINGDAO

The Board announces that on 9 December 2011, the Vendor, an indirect non-wholly owned subsidiary of the Company, entered into the Share Transfer Agreement with the Purchaser, pursuant to which the Vendor agreed to sell the Sale Interest to the Purchaser at a consideration of RMB1,183,249,650 (equivalent to approximately HK\$1,443 million).

The Purchaser is ultimately controlled by Dr. Cheng and his family, and Dr. Cheng is the father-in-law of Mr. Doo, who is an independent non-executive director of Shanghai Industrial Urban Development Group Limited, a non-wholly owned subsidiary of the Company. Accordingly, the Purchaser, being an associate of Mr. Doo, is a connected person of the Company under the Listing Rules, and the Disposal constitutes a connected transaction of the Company under the Listing Rules.

As the highest applicable percentage ratio for the Disposal is over 5% but less than 25%, the Disposal constitutes a connected and discloseable transaction of the Company under the Listing Rules, and is subject to the reporting, announcement and independent shareholders' approval requirements under the Listing Rules.

Since the Disposal is connected solely because of the interest of Mr. Doo, and Mr. Doo does not control the Group and his principal business interest is not the Group, the Company has applied for a waiver pursuant to Rule 14A.42(1) of the Listing Rules from strict compliance with the circular and independent shareholders' approval requirements under Chapter 14A of the Listing Rules. The Directors are pleased to announce that a waiver was granted by the Stock Exchange on the condition that there will be a letter from the Company's auditor or financial adviser stating that the Disposal is fair and reasonable so far as the shareholders of the Company is concerned.

SHARE TRANSFER AGREEMENT

Date

9 December 2011

Parties

- (a) the Vendor
- (b) the Purchaser

Assets to be disposed of

The Purchaser will acquire the Sale Interest, representing 50% of the entire issued share capital of Qingdao JV.

Consideration

The total consideration for the Sale Interest is RMB1,183,249,650 (equivalent to approximately HK\$1,443 million), which shall be payable by the Purchaser to the Vendor in the Hong Kong dollar equivalent (based on the central parity rate announced by the People's Bank of China as at the date of payment) in cash.

Within ten (10) business days after the signing of the Share Transfer Agreement, the Purchaser shall pay to the Vendor's designated account a sum of RMB600 million (equivalent to approximately HK\$732 million) as earnest money.

The total consideration shall be paid by the Purchaser by remittance to the Vendor within five (5) business days after completion.

The consideration for the Sale Interest was arrived at after arm's length negotiations between the Vendor and the Purchaser after taking into consideration the valuation of the net asset value of the Qingdao JV as at 30 June 2011 of approximately RMB2,338 million (equivalent to approximately HK\$2,851 million), as appraised by an independent valuer.

Conditions

Completion of the Share Transfer Agreement is conditional upon fulfilment (or waiver) of, among others, the following conditions:

- (a) approvals from the relevant PRC regulatory authorities in respect of the transfer of the Sale Interest having been obtained;

- (b) the Purchaser, together with the other existing 50% shareholder of Qingdao JV, having been registered as the owners of 100% equity interest in the Qingdao JV, and the directors of the Qingdao JV who were nominated by the Vendor having resigned or been removed from their positions as directors of the Qingdao JV; and
- (c) the warranties from the Vendor remain true, complete, accurate and not misleading as at completion.

Completion

Completion shall take place upon all the conditions set out above have been satisfied or waived (as the case may be).

INFORMATION IN RELATION TO QINGDAO JV

The principal business of Qingdao JV is the holding and development of the Qingdao Property, which consists of a piece of land located at the South of Binhai Road, and the East coast of Tangdao Bay in the Huangdao District of Qingdao City, the PRC. As at the date of this announcement, the Qingdao Property was a piece of land in its early stage of development which will be available for residential and commercial development with a planned gross floor area of approximately 430,000 square metres.

The audited net loss (both before and after taxation and extraordinary items) of Qingdao JV for the two financial years ended 31 December 2010 are set out below:

	Year ended 31 December	
	2010	2009
	<i>RMB</i>	<i>RMB</i>
Net loss before and after taxation and extraordinary items	1,585,068	3,655,482
	(equivalent to approximately HK\$1,933,000)	(equivalent to approximately HK\$4,458,000)

The audited net asset value of Qingdao JV as at 30 June 2011 was approximately RMB1,684,503,000 (equivalent to approximately HK\$2,054 million).

IMPACTS OF AND REASONS FOR THE DISPOSAL

At the date of this announcement, Qingdao JV is owned as to 50% by the Vendor and 50% by an independent third party. It is a jointly-controlled entity of the Group. Upon completion of the Share Transfer Agreement, the Purchaser will hold 50% of the total issued share capital of Qingdao JV, and the Vendor will cease to have any interest in Qingdao JV.

It is estimated that the Group will record a gain after tax of approximately RMB212 million (equivalent to approximately HK\$258 million) on the disposal of the Sale Interest, being the difference between (i) the consideration for the Sale Interest, and (ii) carrying value of Qingdao JV as at the date of completion and corresponding income tax liability. Such gain is expected to be recognised in the Group's consolidated income statement upon completion.

Through this transaction, SIDC will realise good capital return and obtain additional working capital from the Disposal, which can be used in future mergers and acquisitions under its core operation as well as optimise its asset portfolio and cash flows.

The Directors (including the independent non-executive Directors) consider that the terms of each of the Share Transfer Agreement are on normal commercial terms and are fair and reasonable and in the interests of the Group and the shareholders of the Company as a whole. No Director has any material interest in the Disposal.

GENERAL

The Group is principally engaged in the business of infrastructure facilities, real estate and consumer products. The Vendor is a wholly-owned subsidiary of SIDC and is an investment holding company. SIDC and its subsidiaries are principally engaged in the business of property development, property investment and management.

The Purchaser is an investment holding company, and its parent company, Chow Tai Fook Enterprises Limited, is controlled by Dr. Cheng and his family and is principally engaged in property development, hotel, casino, transportation, port and telecommunications businesses.

LISTING RULES IMPLICATIONS

The Purchaser is ultimately controlled by Dr. Cheng and his family, and Dr. Cheng is the father-in-law of Mr. Doo, who is an independent non-executive director of Shanghai Industrial Urban Development Group Limited, a non-wholly owned subsidiary of the Company. Accordingly, the Purchaser, being an associate of Mr. Doo, is a connected person of the Company under the Listing Rules, and the Disposal constitutes a connected transaction of the Company under the Listing Rules.

As the highest applicable percentage ratio for the Disposal is over 5% but less than 25%, the Disposal constitutes a connected and discloseable transaction of the Company under the Listing Rules, and is subject to the reporting, announcement and independent shareholders' approval requirements under the Listing Rules.

Since the Disposal is connected solely because of the interest of Mr. Doo, and Mr. Doo does not control the Group and his principal business interest is not the Group, the Company has applied for a waiver for pursuant to Rule 14A.42(1) of the Listing Rules from strict compliance with the circular and independent shareholders' approval requirements under Chapter 14A of the Listing Rules. The Directors are pleased to announce that a waiver was granted by the Stock Exchange on the condition

that there will be a letter from the Company's auditor or financial adviser stating that the Disposal is fair and reasonable so far as the shareholders of the Company is concerned.

DEFINITIONS

In this announcement, the following expressions have the meanings set out below unless the context requires otherwise.

"associate", "connected person", "subsidiary"	each has the meaning ascribed to it in the Listing Rules
"Board"	the board of Directors
"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
"Director(s)"	the directors of the Company
"Disposal"	the disposal contemplated under the Share Transfer Agreement
"Dr. Cheng"	Dato' Dr. Cheng Yu-tung
"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
"Mr. Doo"	Doo Wai Hoi, an independent non-executive director of Shanghai Industrial Urban Development Group Limited, a non-wholly owned subsidiary of the Company whose shares are listed on the Main Board of the Stock Exchange (stock code: 563)
"PRC"	The People's Republic of China (for the purpose of this announcement, excluding Hong Kong and Macao Special Administrative Region)
"Purchaser"	Perfect Vantage Investments Limited 歷冠投資有限公司, a company incorporated in Hong Kong

"Qingdao JV"	青島上實瑞歐置業有限公司 (Qingdao S.I. RuiOu Properties Co., Ltd.*), a company incorporated under the laws of the PRC
"Qingdao Property"	the piece of land located at the South of Binhai Road, and the East coast of Tangdao Bay in the Huangdao District, Qingdao, the PRC with a planned gross floor area of approximately 430,000 square metres
"RMB"	Renminbi, the lawful currency of the PRC
"Sale Interest"	50% of the issued share capital of Qingdao JV
"Share Transfer Agreement"	the conditional agreement dated 9 December 2011 entered into between the Vendor and the Purchaser in relation to the sale and purchase of the Sale Interest
"SIDC"	上海實業發展股份有限公司 (Shanghai Industrial Development Co., Ltd.), a joint stock limited liability company established under the laws of the PRC which is held as to 63.65% by the Company and the shares of which are listed on A Shares Market of the Shanghai Stock Exchange (stock code: 600748)
"Stock Exchange"	The Stock Exchange of Hong Kong Limited
"Vendor"	上海上實城市發展投資有限公司 (Shanghai S.I. Urban Development Investment Co., Ltd.*), a company incorporated under the laws of the PRC and a wholly-owned subsidiary of SIDC
"%"	per cent.

In this announcement, RMB has been converted to HK\$ at the rate of RMB0.82 = HK\$1 for illustration purpose only. No representation is made that any amounts in RMB or HK\$ have been, could have been or could be converted at the above rate or at any other rates or at all.

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

Hong Kong, 9 December 2011

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

Executive Directors:

*Mr. Teng Yi Long, Mr. Cai Yu Tian, Mr. Lu Ming Fang, Mr. Zhou Jie, Mr. Qian Shi Zheng,
Mr. Zhou Jun and Mr. Qian Yi*

Independent Non-Executive Directors:

Dr. Lo Ka Shui, Prof. Woo Chia-Wei and Mr. Leung Pak To, Francis

** for identification purposes only*