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(Incorporated in Hong Kong with limited liability)

(Stock Code: 363)

ANNOUNCEMENT

DISPOSAL OF INTEREST IN A COMPANY HOLDING PROPERTY INTERESTS IN SHANGHAI

This announcement is made pursuant to Rule 13.09(2)(a) of the Listing Rules and the Inside Information Provisions (as defined under the Listing Rules) under Part XIVA of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong).

The Board is pleased to announce that on 26 November 2013, SIUDH, an indirect wholly-owned subsidiary of the Company, and the Company entered into the Feng Qi Agreement with the Feng Qi Purchaser and Shanghai City Land, pursuant to which SIUDH agreed to sell the Feng Qi Sale Shares and assign the Feng Qi Shareholders' Loan to the Feng Qi Purchaser at an aggregate consideration of RMB821,419,316.64 (equivalent to approximately HK\$1,040,957,000).

This announcement is made pursuant to Rule 13.09(2)(a) of the Listing Rules and the Inside Information Provisions (as defined under the Listing Rules) under Part XIVA of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong).

FENG QI AGREEMENT

Date

26 November 2013

Parties

- (a) SIUDH, as vendor
- (b) the Feng Qi Purchaser, as purchaser
- (c) the Company, as vendor's guarantor
- (d) Shanghai City Land, as purchaser's guarantor

Disposal

The Feng Qi Purchaser agrees to acquire the Feng Qi Sale Shares, representing the entire issued share capital of Feng Qi BVI, and the Feng Qi Shareholders' Loan, representing the shareholders' loan that was outstanding and owing by Feng Qi BVI to SIUDH as at 31 August 2013.

Consideration

The aggregate consideration for the Feng Qi Sale Shares and the Feng Qi Shareholders' Loan is RMB821,419,316.64 (equivalent to approximately HK\$1,040,957,000), which shall be payable by the Feng Qi Purchaser to the Company in Renminbi.

The consideration for the Feng Qi Sale Shares was arrived at after arm's length negotiations between SIUDH and the Feng Qi Purchaser with reference to the valuation of the Feng Qi Property as at 31 August 2013 as determined by DTZ Debenham Tie Leung Limited, an independent valuer, based on the Direct Comparison Approach and after taking into consideration:

- (i) the valuation surplus (net of tax impact) of the Feng Qi Property as at 31 August 2013 of approximately RMB1,324,444,000 (equivalent to approximately HK\$1,678,424,000) as agreed by SIUDH and the Feng Qi Purchaser;
- (ii) the size of the Feng Qi Property in accordance with its state-owned land use certificate;
- (iii) the net asset value of Feng Qi Shanghai as at 31 August 2013 of approximately RMB352,027,000 (equivalent to approximately HK\$446,112,000); and
- (iv) the net asset value of each of Feng Qi HK and Feng Qi BVI as at 31 August 2013 of approximately RMB-32,846.15 (equivalent to approximately HK\$-41,625) and approximately RMB-18,449.32 (equivalent to approximately HK\$-23,380) respectively.

Conditions

Completion of the Feng Qi Agreement is conditional upon each party having complied with its pre-completion obligations and covenants in all respects.

Completion

Completion shall take place on 28 January 2014, or such date no later than 31 March 2014 as the parties may agree in writing.

Guarantee of Obligations

The Company has agreed to unconditionally and irrevocably guarantee due observance and performance by SIUDH of all its obligations and undertakings under the Feng Qi Agreement. Likewise, Shanghai City Land has agreed to unconditionally and irrevocably guarantee due observance and performance by the Feng Qi Purchaser of all its obligations and undertakings under the Feng Qi Agreement.

INFORMATION IN RELATION TO THE FENG QI GROUP

The principal business of the Feng Qi Group is the holding and development of the Feng Qi Property, which comprises the piece of land located at Block 10 (18/5 Qiu) Zhujiajiao Town of Qingpu District in Shanghai (上海市青浦區朱家角鎮 10 街坊(18/5 丘)). As at the date of this announcement, the Feng Qi Property is a piece of vacant bare land available for low density residential development, owned by Feng Qi Shanghai with a total site area of 434,855 sq.m.

REASONS FOR AND BENEFITS OF THE TRANSACTION

As at the date of this announcement, Feng Qi BVI is an indirect wholly-owned subsidiary of the Company. It is estimated that the Company will record an increase of net asset of approximately HK\$800 million in the other reserve on the Transaction.

Although the Feng Qi Property may have a certain potential of appreciation in the long term, the disposal of entire equity interest of Feng Qi BVI will increase the Group's cash flows, accelerate its project returns and reduce its debt ratio. Through this Transaction, the Group can also obtain additional working capital, which can be used in mergers and acquisitions under its core operation, to optimise its asset portfolio and to enhance its profitability and overall capital return.

The Board (including the independent non-executive Directors) believes that the terms of the Feng Qi Agreement are fair and reasonable and in the interests of the shareholders of the Company as a whole. None of the Directors has a material interest in the Transaction or was required to abstain from voting on the relevant resolutions of the Board.

LISTING RULES IMPLICATIONS

As at the date of this announcement, SIUDH is an indirect wholly-owned subsidiary of the Company. Feng Qi BVI is a wholly-owned subsidiary of SIUDH. Feng Qi BVI, through its wholly-owned subsidiary Feng Qi HK, holds 49% of the issued share capital of Feng Qi Shanghai. Feng Qi Shanghai owns the Feng Qi Property.

The Feng Qi Purchaser and Shanghai City Land are independent third parties of the Company.

As none of the applicable percentage ratios in respect of the Transaction exceeds 5%, the Transaction does not constitute a discloseable transaction of the Company under Chapter 14 of the Listing Rules.

GENERAL

The Company and its subsidiaries are principally engaged in the business of infrastructure facilities, real estate and consumer products.

The Feng Qi Purchaser is principally engaged in investment holding.

Shanghai City Land is one of the leading providers of comprehensive real estate, environmental and venture capital services with core competence in the PRC.

DEFINITIONS

In this announcement, unless the context requires otherwise, the following terms have the meanings set out below:

“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
“Director(s)”	the director(s) of the Company
“Feng Qi Agreement”	the agreement dated 26 November 2013 entered into among SIUDH, the Company, the Feng Qi Purchaser and Shanghai City Land in relation to the sale and purchase of the Feng Qi Sale Shares and the assignment of the Feng Qi Shareholders’ Loan
“Feng Qi BVI”	S.I. Feng Qi Properties (BVI) Limited (上實豐啓置業(BVI)有限公司), a company incorporated in the British Virgin Islands with limited liability which is a wholly-owned subsidiary of SIUDH
“Feng Qi Group”	includes Feng Qi BVI, Feng Qi HK and Feng Qi Shanghai
“Feng Qi HK”	S.I. Feng Qi Properties Limited, a company incorporated in Hong Kong with limited liability which is a wholly-owned subsidiary of Feng Qi BVI
“Feng Qi Property”	the piece of land located at Block 10 (18/5 Qiu) Zhujiajiao Town of Qingpu District in Shanghai (上海市青浦區朱家角鎮 10 街坊(18/5 丘)) which is owned by Feng Qi Shanghai with a total site area of 434,855 sq.m.
“Feng Qi Purchaser”	Shanghai City Land (Hong Kong) Co., Limited, a company incorporated in Hong Kong with limited liability and an independent third party of the Company
“Feng Qi Sale Shares”	one ordinary share of US\$1 in the share capital of Feng Qi BVI, being the entire issued share capital of Feng Qi BVI

“Feng Qi Shanghai”	Shanghai Feng Qi Properties Co., Ltd. (上海豐啓置業有限公司), a foreign enterprise established in the PRC 49% of the registered capital of which is owned by Feng Qi HK
“Feng Qi Shareholders’ Loan”	the shareholders’ loan in the amount of HK\$151,057,485.34 that was outstanding and owing by Feng Qi BVI to SIUDH as at 31 August 2013
“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
“PRC”	the People’s Republic of China, for the purpose of this announcement only, excluding Hong Kong, Macau Special Administrative Region of the PRC and Taiwan
“RMB”	Renminbi, the lawful currency of the PRC
“Shanghai City Land”	Shanghai City Land (Group) Co., Ltd. (上海城投置地（集團）有限公司), a company established in the PRC and an independent third party of the Company
“SIUDH”	S.I. Urban Development Holdings Limited (上實城開控股有限公司), a company incorporated in Hong Kong with limited liability which is an indirect wholly-owned subsidiary of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Transaction”	the sale and purchase of the Feng Qi Sale Shares and the assignment of the Feng Qi Shareholders’ Loan as contemplated under the Feng Qi Agreement

For the purposes of this announcement, the exchange rate of HK\$1.00 = RMB0.7891 has been used, where applicable, for purpose of illustration only and does not constitute a representation that any amounts has been, could have been or may be exchanged at any particular rate on the date or dates in question or any other date or at all.

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

Hong Kong, 26 November 2013

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

Executive Directors:

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

Independent Non-Executive Directors:

*Dr. Lo Ka Shui, Prof. Woo Chia-Wei, Mr. Leung Pak To, Francis and
Mr. Cheng Hoi Chuen, Vincent*