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(Incorporated in Hong Kong with limited liability)

(Stock Code: 363)

DISCLOSEABLE TRANSACTION

Acquisition of an additional 23.52% equity interest in SIDC Qingdao by Shanghai Industrial Development Co., Ltd.

The Board is pleased to announce that on 16 September 2014, SIDC (a non-wholly owned subsidiary of the Company that is listed on the Shanghai Stock Exchange) has entered into the Equity Transfer Agreement to acquire a 23.52% interest in SIDC Qingdao from Bao Hong Tianjin, a private equity fund.

After completion of the Acquisition, SIDC will directly and indirectly hold 100% of the equity interest in SIDC Qingdao.

SIDC Qingdao is a project company that owns the Qingdao Beer City, which is a development project located in the Shilaoren National Tourist Resort in Qingdao. After completion of its construction, the Qingdao Beer City will be a large multi-purpose urban complex that houses office, shopping and recreational facilities with the ability to host festive activities.

LISTING RULES IMPLICATIONS

As one of the applicable percentage ratios of the Acquisition exceeds 5% but none of them exceeds 25%, the Acquisition is a discloseable transaction under Chapter 14 of the Listing Rules and is subject to the reporting and announcement requirements but is exempt from the shareholders' approval requirement.

SIDC Qingdao is an insignificant subsidiary of the Company. As Bao Hong Tianjin holds a 23.52% interest in SIDC Qingdao, it is a substantial shareholder of an insignificant subsidiary of the Company, and therefore notwithstanding Bao Hong Tianjin's interest in SIDC Qingdao, it and its ultimate beneficial owners are not regarded as connected persons of the Company pursuant to rule 14A.09 of the Listing Rules. Therefore the Acquisition does not constitute a connected transaction under Chapter 14A of the Listing Rules.

INTRODUCTION

On 16 September 2014, SIDC entered into an Equity Transfer Agreement with Bao Hong Tianjin, a private equity fund, to acquire Bao Hong Tianjin's equity interest in SIDC Qingdao. Pursuant to the terms of the Equity Transfer Agreement, SIDC has agreed to acquire, and Bao Hong Tianjin has agreed to sell, 23.52% of the equity interest in SIDC Qingdao.

As of the date of this announcement:

- SIDC directly owns 64.39% of the equity interest in SIDC Qingdao;
- a wholly owned subsidiary of SIDC owns approximately 12.09% of the equity interest in SIDC Qingdao; and
- the Seller owns the remaining 23.52% of the equity interest in SIDC Qingdao.

After completion of the Acquisition, SIDC will directly and indirectly hold 100% of the equity interest in SIDC Qingdao.

Information on SIDC Qingdao

SIDC Qingdao is a project company established to own and develop the Qingdao Beer City. The Qingdao Beer City is a development project located in Shilaoren National Tourist Resort in Qingdao, and has a site area of approximately 227,675 square metres and a plot ratio of 2.1. After completion of its construction, the Qingdao Beer City will be a large multi-purpose urban complex that houses office, shopping and recreational facilities with the ability to host festive activities.

As of the date of this announcement, construction of phase 1 of the Qingdao Beer City comprising office buildings has been completed, whereas construction of phase 2 is on-going. Phase 3 construction of the Qingdao Beer City has not yet started.

As of 30 April 2014, the net asset value of SIDC Qingdao was RMB1,922,272,200 (equivalent to approximately HK\$2,401,039,000), and the appraised net asset value of SIDC Qingdao, as determined by an independent asset appraiser, was RMB4,711,953,000 (equivalent to approximately HK\$5,885,527,000).

The net losses of SIDC Qingdao (both before and after taxation and extraordinary items) attributable to the Sale Interest were RMB4,362,000 (equivalent to approximately HK\$5,448,000) and RMB3,566,000 (equivalent to approximately HK\$4,454,000) for the two financial years ended 31 December 2012 and 31 December 2013 respectively.

THE EQUITY TRANSFER AGREEMENT

Date

16 September 2014

Parties

- (i) Bao Hong Tianjin (as the Seller)
- (ii) SIDC (as the Purchaser)

The Sale Interest

The Sale Interest constitutes the 23.52% interest in SIDC Qingdao that Bao Hong Tianjin currently holds.

Consideration

The consideration payable by SIDC for the Sale Interest is RMB1,108,000,000 (equivalent to approximately HK\$1,383,962,000), which shall be paid to the Seller before 28 February 2015.

The consideration was reached based on arm's length negotiation between the Seller and the Purchaser by reference to the asset valuation report prepared by an independent asset appraiser, and will be funded by internal resources of the Purchaser.

Completion

The parties to the Equity Transfer Agreement will, within 30 days after payment of the consideration by SIDC, procure SIDC Qingdao to make the necessary amendments to SIDC Qingdao's constitutional documents and register the transfer of the Sale Interest to SIDC. The Acquisition will complete when the equity transfer has been registered with the local administration of industry and commerce.

REASONS FOR AND BENEFITS OF THE ACQUISITION

SIDC Qingdao develops the Qingdao Beer City project. The project located in Shilaoren National Tourist Resort in Qingdao and will be a large multi-purpose urban complex that houses office, shopping and recreational facilities with the ability to host festive activities. As of the date of this announcement, construction of phase 1 has been completed, whereas construction of phase 2 is on-going and construction of phase 3 has not yet started. The Acquisition will enable SIDC to achieve greater economic efficiency and control of the development and operation of the Qingdao Beer City, and to further improve the profit return of the project after its completion, which in turn is beneficial to the long term rental income and sustainable development of SIDC and the Company.

The Board believes that the terms of the Equity Transfer Agreement are fair and reasonable and in the interests of the Company and its shareholders as a whole.

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SIDC Qingdao is an insignificant subsidiary of the Company. As Bao Hong Tianjin holds a 23.52% interest in SIDC Qingdao, it is a substantial shareholder of an insignificant subsidiary of the Company, and therefore notwithstanding Bao Hong Tianjin's interest in SIDC Qingdao, it and its ultimate beneficial owners are not regarded as connected persons of the Company pursuant to rule 14A.09 of the Listing Rules. Therefore the Acquisition does not constitute a connected transaction under Chapter 14A of the Listing Rules.

GENERAL

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

SIDC, an indirect non-wholly owned subsidiary of the Company, is principally engaged in the business of property development, property investment and management.

Bao Hong Tianjin is a limited liability partnership that was established in the Binhai New District of Tianjin on 30 August 2011 that principally invests in equity securities, whose general partner and manager is Zhiying (Tianjin) Equity Investment Funds Management Co., Ltd.

DEFINITIONS

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

“Acquisition”	the acquisition of the 23.52% equity interest in SIDC Qingdao pursuant to the Equity Transfer Agreement
“Bao Hong Tianjin” or “Seller”	寶宏（天津）股權投資基金 (Bao Hong (Tianjin) Equity Investment Fund Partnership (Limited Liability Partnership)), a limited liability partnership that was established in the Binhai New District of Tianjin on 30 August 2011
“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

“Equity Transfer Agreement”	the share transfer agreement dated 16 September 2014 entered into between SIDC and Bao Hong Tianjin in relation to the sale and purchase of the Sale Interest;
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“insignificant subsidiary”	has the meaning attributed to it under Rule 14A.09(1) of the Listing Rules
“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 and Macau Special Administrative Regions and Taiwan
“Qingdao Beer City”	青島國際啤酒城 (Qingdao International Beer City)
“RMB”	Renminbi, the lawful currency of the PRC
“Sale Interest”	the 23.52% equity interest in SIDC Qingdao that is being held by the Seller as of the date of this announcement
“SIDC” or “Purchaser”	上海實業發展股份有限公司 (Shanghai Industrial Development Co., Ltd.), a joint stock limited liability company incorporated in the PRC whose shares are listed on the Shanghai Stock Exchange (Stock Code: 600748) and a subsidiary of the Company
“SIDC Qingdao”	上實發展（青島）投資開發有限公司 (Shanghai Industrial Development (Qingdao) Investment and Development Co., Ltd.), a project company that was established for the purpose of developing the Qingdao Beer City and a subsidiary of SIDC and is an insignificant subsidiary of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“subsidiary”	has the meaning attributed to it under the Listing Rules

English names of the PRC established companies/entities in this announcement are only translations of their official Chinese names. In case of inconsistency, the Chinese names prevail.

For the purposes of this announcement, the exchange rate of HK\$1.00 = RMB0.8006 has been used, where applicable, for purpose of illustration only and does not constitute a representation that any amount 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, 16 September 2014

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. Ni Jian Da and Mr. Xu Bo

Independent Non-Executive Directors

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