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*(Incorporated in Hong Kong with limited liability)*

**(Stock Code: 363)**

## **(1) DISCLOSEABLE TRANSACTION**

**PLACING OF NEW SHARES IN SHANGHAI INDUSTRIAL  
DEVELOPMENT CO., LTD., GIVING RISE TO A DEEMED DISPOSAL**

**INCLUDING**

**CONNECTED TRANSACTION**

**PLACING OF NEW SHARES IN SHANGHAI INDUSTRIAL  
DEVELOPMENT CO., LTD. TO A CONNECTED PERSON**

**AND**

## **(2) CONNECTED AND DISCLOSEABLE TRANSACTION**

**ACQUISITION OF 100% EQUITY INTEREST  
IN SHANGHAI INVESTMENT CO., LTD.  
BY SHANGHAI INDUSTRIAL DEVELOPMENT CO., LTD.**

**AND**

## **(3) CONNECTED TRANSACTION**

**ACQUISITION OF 61.48% EQUITY INTEREST  
IN SHANGHAI LONGCHUANG ECO-ENERGY SYSTEMS CO., LTD  
BY SHANGHAI INDUSTRIAL DEVELOPMENT CO., LTD.**

## **PLACING OF NEW SHARES IN SI DEVELOPMENT, GIVING RISE TO A DEEMED DISPOSAL**

On 28 April 2015, SI Development, a non-wholly owned subsidiary of the Company listed on the Shanghai Stock Exchange, entered into the SI Development Share Issuance Contracts in relation to the SI Development Share Issuance, under which SI Development has agreed to issue an aggregate of 512,820,512 RMB denominated ordinary shares in SI Development, representing approximately 47.34% of SI Development's existing total issued shares and 32.13% of SI Development's total issued shares as enlarged by the SI Development Share Issuance. As a result of the SI Development Share Issuance, the Company's shareholding interest in SI Development will be diluted in aggregate from 63.65% to 43.20%, which will amount to a deemed disposal of the Company for the purposes of the Listing Rules. It is expected that SI Development will continue to be accounted for as a subsidiary of the Company and consolidated in the Group's financial statements after the SI Development Share Issuance. The SI Development Share Issuance includes:

1. Connected transaction – the First SI Development Share Issuance;
2. the Second SI Development Share Issuance; and
3. the Other SI Development Share Issuances.

### **First SI Development Share Issuance**

On 28 April 2015, SI Development and Shanghai Asset entered into the First SI Development Share Issuance Contract, pursuant to which SI Development agreed to issue, and Shanghai Asset agreed to subscribe for, the SI Development New Shares I, representing approximately 7.89% of SI Development's existing total issued shares and 5.35% of SI Development's total issued shares as enlarged by the SI Development Share Issuance, at an issue price of RMB11.70 (equivalent to approximately HK\$14.62) per share for a consideration of RMB999,999,994.50 (equivalent to approximately HK\$1,249,688,000). The consideration shall be payable by Shanghai Asset to SI Development in cash.

### **Second SI Development Share Issuance**

On 28 April 2015, SI Development and Cao Wenlong entered into the Second SI Development Share Issuance Contract, pursuant to which SI Development agreed to issue, and Cao Wenlong agreed to subscribe for, the SI Development New Shares II, representing approximately 1.85% of SI Development's existing total issued shares and 1.25% of SI Development's total issued shares as enlarged by the SI Development Share Issuance, at an issue price of RMB11.70 (equivalent to approximately HK\$14.62) per share for a consideration of RMB234,000,000 (equivalent to approximately HK\$292,427,000).

The consideration shall be payable by Cao Wenlong to SI Development partly by the Cao Longchuang Sale Shares and partly in cash.

The value of the Cao Longchuang Sale Shares is to be determined with reference to the valuation of the shareholders' equity of Longchuang which is estimated to be in the range of RMB728,000,000 (equivalent to approximately HK\$909,773,000) as appraised by an independent valuer prepared on a profit forecast basis and to be finally confirmed by SASAC.

The balance of the consideration shall be paid in cash, which shall be the difference between the consideration for the SI Development New Shares II and the value of the Cao Longchuang Sale Shares.

#### **Other SI Development Share Issuance**

On 28 April 2015, SI Development and each of the Other Placees entered into the Other SI Development Share Issuance Contracts, pursuant to which SI Development agreed to issue, and the Other Placees agreed to subscribe for, the SI Development New Shares III, representing approximately 37.60% of SI Development's existing total issued shares and 25.52% of SI Development's total issued shares as enlarged by the SI Development Share Issuance, at an issue price of RMB11.70 (equivalent to approximately HK\$14.62) per share for a consideration of RMB4,765,999,995.90 (equivalent to approximately HK\$5,956,011,000). The consideration shall be payable by the Other Placees to SI Development in cash.

#### **ACQUISITION OF 100% EQUITY INTEREST IN SHANGHAI INVESTMENT BY SI DEVELOPMENT**

On 28 April 2015, SI Development and SIIC Shanghai entered into the Shanghai Investment Equity Interest Transfer Agreement, pursuant to which SIIC Shanghai agreed to sell, and SI Development agreed to purchase, 100% of the equity interest in Shanghai Investment for a consideration of RMB3,400,000,000 (equivalent to approximately HK\$4,248,938,000). The consideration shall be payable by SI Development to SIIC Shanghai with funds raised from the SI Development Share Issuance.

#### **ACQUISITION OF 61.48% EQUITY INTEREST IN LONGCHUANG BY SI DEVELOPMENT**

On 28 April 2015, SI Development and the Other Longchuang Shareholders entered into the Longchuang Share Transfer Agreement, pursuant to which the Other Longchuang Shareholders agreed to sell, and SI Development agreed to purchase, 42.35% of the equity interest in Longchuang for a consideration of RMB308,343,783 (equivalent to approximately HK\$385,333,395.40). The consideration shall be payable by SI Development to the Other Longchuang Shareholders with funds raised from the SI Development Share Issuance.

Pursuant to the Second SI Development Share Issuance Contract, as part of the consideration to be paid by Cao Wenlong to SI Development for the SI Development New Shares II, Cao Wenlong agreed to transfer to SI Development 19.13% of the equity interest in Longchuang.

## **LISTING RULES IMPLICATIONS**

### **Placing of new shares in SI Development, giving rise to a deemed disposal**

According to Rule 14.22 of the Listing Rules, the First SI Development Share Issuance, the Second SI Development Share Issuance and the Other SI Development Share Issuances will be aggregated and treated as if they were one transaction.

As a result of the SI Development Share Issuance, the Company's shareholding interest in SI Development will be diluted in aggregate from 63.65% to 43.20%, giving rise to a deemed disposal of the Company according to Rule 14.29 of the Listing Rules. SI Development will continue to be accounted for as a subsidiary of the Company and consolidated in the Group's financial statements after the SI Development Share Issuance. As one or more of the applicable percentage ratios in respect of the deemed disposal exceed 5% but none of them exceeds 25%, the deemed disposal arising from the SI Development Share Issuance constitutes a discloseable transaction for the Company, and is subject to the reporting and announcement requirements under Chapter 14 of the Listing Rules.

The SI Development Share Issuance includes the First SI Development Share Issuance, which involves the placing of the SI Development New Shares I to Shanghai Asset. SIIC is the controlling shareholder and therefore a connected person of the Company. SIIC exercises the authority as a state-owned shareholder of SIIC Shanghai, which indirectly holds 100% shareholding in Shanghai Asset. Shanghai Asset is therefore an associate of SIIC and a connected person of the Company.

Accordingly, the First SI Development Share Issuance constitutes a connected transaction for the Company. As one or more of the applicable percentage ratios of the First SI Development Share Issuance exceed 0.1% but none of them exceeds 5%, the First SI Development Share Issuance is exempt from the independent shareholders' approval requirement but is subject to the reporting and announcement requirements under Chapter 14A of the Listing Rules.

### **Acquisition of 100% equity interest in Shanghai Investment by SI Development**

As one or more of the applicable percentage ratios in respect of the Shanghai Investment Acquisition exceed 5% but none of them exceeds 25%, the Shanghai Investment Acquisition constitutes a discloseable transaction for the Company, and is subject to the reporting and announcement requirements under Chapter 14 of the Listing Rules.

SIIC beneficially owns approximately 57.70% of the Company's issued share capital and therefore SIIC is a connected person of the Company. SIIC exercises the authority as a state-owned shareholder of SIIC Shanghai, which is a state-owned enterprise. Therefore, SIIC Shanghai is an associate of SIIC and a connected person of the Company. Accordingly, the Shanghai Investment Acquisition also constitutes a connected transaction for the Company, and is subject to the reporting, announcement and independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

### **Acquisition of 61.48% equity interest in Longchuang by SI Development**

According to Rule 14.22 of the Listing Rules, the acquisition by SI Development of the Cao Longchuang Sale Shares pursuant to the Second SI Development Share Issuance Contract and the acquisition by SI Development of the Other Longchuang Sale Shares from the Other Longchuang Shareholders pursuant to the Longchuang Share Transfer Agreement will be aggregated and treated as if they were one transaction as they both involve the acquisition of shares in Longchuang. As none of the applicable percentage ratios exceeds 5%, the Longchuang Transactions (as aggregated) do not constitute a discloseable transaction for the Company under Chapter 14 of the Listing Rules.

SIIC is the controlling shareholder and therefore a connected person of the Company. SIIC exercises the authority as a state-owned shareholder of SIIC Shanghai, which indirectly holds 100% shareholding in SIIC Venture. SIIC Venture is therefore an associate of SIIC. SIIC Venture holds as to 13.02% of the equity interest in Longchuang prior to the Longchuang Transactions and is therefore a substantial shareholder of Longchuang. Accordingly, the Longchuang Transactions constitute a connected transaction for the Company pursuant to Rule 14A.28 of the Listing Rules. As one or more of the applicable percentage ratios of the Longchuang Transactions (as aggregated) exceed 0.1% but none of them exceeds 5%, the Longchuang Transactions are exempt from the independent shareholders' approval requirement but are subject to the reporting and announcement requirements under Chapter 14A of the Listing Rules.

### **Independent Board Committee and Independent Financial Adviser**

The Independent Board Committee has been established to advise the Independent Shareholders in respect of the Shanghai Investment Acquisition, and BNP Paribas Securities (Asia) Limited has been appointed as the Independent Financial Adviser by the Company to advise the Independent Board Committee and the Independent Shareholders in respect of the Shanghai Investment Acquisition.

**As the completion of the Transactions is conditional on the satisfaction of the conditions precedent set out under the headings “Conditions Precedent” in sections 1 and 2 below, the Transactions may or may not proceed. Shareholders and potential investors should exercise caution when dealing in securities of the Company.**

## **1. PLACING OF NEW SHARES IN SI DEVELOPMENT, GIVING RISE TO A DEEMED DISPOSAL**

On 28 April 2015, SI Development, a non-wholly owned subsidiary of the Company listed on the Shanghai Stock Exchange, entered into the SI Development Share Issuance Contracts in relation to the SI Development Share Issuance, under which SI Development has agreed to issue an aggregate of 512,820,512 RMB denominated ordinary shares in SI Development, representing approximately 47.34% of SI Development's existing total issued shares and 32.13% of SI Development's total issued shares as enlarged by the SI Development Share Issuance.

As a result of the SI Development Share Issuance, the Company's shareholding interest in SI Development will be diluted in aggregate from 63.65% to 43.20%, which will amount to a deemed disposal of the Company for the purposes of the Listing Rules. It is expected that SI Development will continue to be accounted for as a subsidiary of the Company and consolidated in the Group's financial statements after the SI Development Share Issuance.

The SI Development Share Issuance includes:

1. Connected transaction – the First SI Development Share Issuance;
2. the Second SI Development Share Issuance; and
3. the Other SI Development Share Issuances.

Based on the audited equity attributable to owners of SI Development of RMB4,782,631,000 (equivalent to approximately HK\$5,976,795,000) as at 31 December 2014 and the Group's shareholding in SI Development as diluted from 63.65% to 43.20% upon completion of the SI Development Share Issuance, it is expected that the Group will account for the SI Development Share Issuance as an equity transaction and the increase in the Group's interest in equity attributable to owners of SI Development amounting to approximately HK\$1.8 billion will be credited to other reserve in the accounts of the Group.

## **I. FIRST SI DEVELOPMENT SHARE ISSUANCE CONTRACT**

### ***Date***

28 April 2015

### ***Parties***

Issuer: SI Development

Subscriber: Shanghai Asset

(See the section headed "5. General Information" of this announcement for a description of the parties.)

### ***Subject matter***

The issuance and allotment by SI Development of 85,470,085 RMB denominated ordinary shares in SI Development to Shanghai Asset at an issue price of RMB11.70 (equivalent to approximately HK\$14.62) per share.

### ***Consideration***

The consideration for the SI Development New Shares I is RMB999,999,994.50 (equivalent to approximately HK\$1,249,688,000), which was determined through arm's length negotiations between the parties and with reference to the average price of SI Development's shares for the last

20 trading days prior to the Pricing Benchmark Date and to be finally determined by the shareholders of SI Development.

The consideration shall be paid by Shanghai Asset in cash to the Sponsor's designated bank account within five working days after the receipt of a payment notice from SI Development and the Sponsor, which shall, after the verification of capital and the deduction of relevant fees, be transferred to SI Development's designated bank account.

### ***Conditions Precedent***

Completion of the First SI Development Share Issuance is conditional on the satisfaction of certain conditions, including among others:

- (i) approval from the board of directors of SI Development in respect of the SI Development Share Issuance;
- (ii) approval from the shareholders of SI Development in respect of the SI Development Share Issuance; and
- (iii) all the required approvals of the SI Development Share Issuance have been granted by the relevant PRC approval authorities.

### ***Completion***

Completion shall take place when registration of the First SI Development Share Issuance with the relevant PRC approval authorities has been completed.

## **II. SECOND SI DEVELOPMENT SHARE ISSUANCE CONTRACT**

### ***Date***

28 April 2015

### ***Parties***

Issuer: SI Development  
Subscriber: Cao Wenlong

(See the section headed "5. General Information" of this announcement for a description of the parties.)

### ***Subject matter***

The issuance and allotment by SI Development of 20,000,000 RMB denominated ordinary shares in SI Development to Cao Wenlong at an issue price of RMB11.70 (equivalent to approximately HK\$14.62) per share.

### ***Consideration***

The consideration for the SI Development New Shares II is RMB234,000,000 (equivalent to approximately HK\$292,427,000), which was determined through arm's length negotiations between the parties and with reference to the average price of SI Development's shares for the last 20 trading days prior to the Pricing Benchmark Date and to be finally determined by the shareholders of SI Development.

The consideration shall be payable by Cao Wenlong to SI Development partly by the Cao Longchuang Sale Shares and partly in cash.

The value of the Cao Longchuang Sale Shares is to be determined with reference to the valuation of the shareholders' equity of Longchuang which is estimated to be in the range of RMB728,000,000 (equivalent to approximately HK\$909,773,000) as appraised by an independent valuer on a profit forecast basis (see section headed "4. Profit Forecast Requirement under the Listing Rules" for further details) and to be finally confirmed by SASAC. The balance of the consideration shall be paid in cash, which shall be the difference between the consideration for the SI Development New Shares II and the value of the Cao Longchuang Sale Shares.

(See the section headed "5. General Information" for a description of Longchuang.)

Cao Wenlong shall procure Longchuang to register the transfer of the Cao Longchuang Sale Shares with the relevant PRC approval authorities within five working days after the receipt of the notice from SI Development and the Sponsor in accordance with the Second SI Development Share Issuance Contract.

The part of the consideration to be paid in cash shall be payable by Cao Wenlong in the following manner:

- (i) a deposit of RMB500,000 (equivalent to approximately HK\$624,844) shall be paid to the Sponsor's designated bank account on the day of the execution of the Second SI Development Share Issuance Contract; and
- (ii) the balance of the cash consideration, after the deduction of interest accrued on the deposit, shall be paid in cash to the Sponsor's designated bank account within five working days after the receipt of a payment notice from SI Development and the Sponsor, which shall, after the verification of capital and the deduction of relevant fees, be transferred to SI Development's designated bank account.

### ***Conditions Precedent***

Completion of the Second SI Development Share Issuance is conditional on the satisfaction of certain conditions, including among others:

- (i) approval from the board of directors of SI Development in respect of the SI Development Share Issuance;

- (ii) approval from the shareholders of SI Development in respect of the SI Development Share Issuance; and
- (iii) all the required approvals of the SI Development Share Issuance have been granted by the relevant PRC approval authorities.

### ***Completion***

Completion shall take place when registration of the transfer of the Cao Longchuang Sale Shares from Cao Wenlong to SI Development with the relevant PRC approval authorities has been completed.

## **III. OTHER SI DEVELOPMENT SHARE ISSUANCE CONTRACTS**

### ***Date***

28 April 2015

### ***Parties***

Issuer: SI Development

Subscribers under each of the Other SI Development Share Issuance Contracts:

1. BOSC Asset Management Co., Ltd.
2. Jun Zheng (Shanghai) Equity Investment Fund Partnership (Limited Partnership)
3. CITIC Securities Company Limited
4. Shanghai Da Zhen Asset Management Centre (Limited Partnership)
5. China Great Wall Asset Management Corporation
6. Beijing Lancapital Agricultural Industrial Investment Fund Management Centre (Limited Partnership)
7. Beijing Zhong Rong Ding Xin Investment Management Co., Ltd.

(See the section headed “5. General Information” for a description of the parties.)

### ***Subject matter***

The issuance and allotment by SI Development of a total of 407,350,427 RMB denominated ordinary shares in SI Development to the Other Placees at an issue price of RMB11.70 (equivalent to approximately HK\$14.62) per share in the following manner:

Name of subscriber	Number of shares to be allotted	As a percentage of SI Development's total issued shares prior to the SI Development Share Issuance	As a percentage of SI Development's total issued shares as enlarged by the SI Development Share Issuance
BOSC Asset Management Co., Ltd.	76,923,076	7.10%	4.82%
Jun Zheng (Shanghai) Equity Investment Fund Partnership (Limited Partnership)	68,376,068	6.31%	4.28%
CITIC Securities Company Limited	60,000,000	5.54%	3.76%
Shanghai Da Zhen Asset Management Centre (Limited Partnership)	51,282,051	4.73%	3.21%
China Great Wall Asset Management Corporation	51,282,051	4.73%	3.21%
Beijing Lancapital Agricultural Industrial Investment Fund Management Centre (Limited Partnership)	51,282,051	4.73%	3.21%
Beijing Zhong Rong Ding Xin Investment Management Co., Ltd.	48,205,130	4.45%	3.02%

### ***Consideration***

The total consideration for the SI Development New Shares III is RMB4,765,999,995.90 (equivalent to approximately HK\$5,956,011,000), which was determined through arm's length negotiations between the parties and with reference to the average price of SI Development's shares for the last 20 trading days prior to the Pricing Benchmark Date and to be finally determined by the shareholders of SI Development.

The consideration to be paid by each of the Other Placees is as follows:

Name of subscriber	Consideration to be paid <i>RMB</i>
BOSC Asset Management Co., Ltd.	899,999,989.20
Jun Zheng (Shanghai) Equity Investment Fund Partnership (Limited Partnership)	799,999,995.60
CITIC Securities Company Limited	702,000,000.00

Shanghai Da Zhen Asset Management Centre (Limited Partnership)	599,999,996.70
China Great Wall Asset Management Corporation	599,999,996.70
Beijing Lancapital Agricultural Industrial Investment Fund Management Centre (Limited Partnership)	599,999,996.70
Beijing Zhong Rong Ding Xin Investment Management Co., Ltd.	564,000,021.00

The consideration shall be payable by each of the Other Placees in cash in the following manner:

- (i) a deposit of 0.5% of the consideration, shall be paid to the Sponsor's designated bank account on the day of the execution of the Other SI Development Share Issuance Contracts; and
- (ii) the balance of the consideration, after the deduction of interest accrued on the deposit, shall be paid in cash to the Sponsor's bank account within five working days after the receipt of a payment notice from SI Development and the Sponsor, which shall, after the verification of capital and the deduction of relevant fees, be transferred to SI Development's designated bank account.

### ***Conditions Precedent***

Completion of the Other SI Development Share Issuance is conditional on the satisfaction of certain conditions, including among others:

- (i) approval from the board of directors of SI Development in respect of the SI Development Share Issuance;
- (ii) approval from the shareholders of SI Development in respect of the SI Development Share Issuance; and
- (iii) all the required approvals of the SI Development Share Issuance have been granted by the relevant PRC approval authorities.

### ***Completion***

Completion shall take place when registration of the Other SI Development Share Issuance with the relevant PRC approval authorities has been completed.

## **IV. Lock-up provisions in the SI Development Share Issuance Contracts**

The new shares to be issued pursuant to each of the SI Development Share Issuance Contracts shall not be transferred within 36 months after their respective completion dates, in accordance with the *Measures on Administration of the Issuance of Securities of Listed Companies*\*.

## **V. Reasons for and benefits of the SI Development Share Issuance**

SI Development will mainly use the proceeds raised in the SI Development Share Issuance in acquiring profitable assets and supporting development of its existing projects. SI Development has stated that this will greatly increase its capital inflow and capital scale, optimize its financial structure, and lay a solid foundation for the sound and stable development of its future business. The plan has a far-reaching influence on SI Development's overall scale, financing capability, profitability and business expansion, and also represents the strategy on further deepening the integration of real estate business.

In view of the above, the Directors are of the view that the SI Development Share Issuance Contracts were entered into on normal commercial terms and that the terms of the SI Development Share Issuance Contracts are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

None of the Directors has a material interest in the SI Development Share Issuance Contracts, nor is he required to abstain from voting in the relevant board resolutions of the Company.

## **2. ACQUISITION OF 100% EQUITY INTEREST IN SHANGHAI INVESTMENT BY SI DEVELOPMENT**

### **SHANGHAI INVESTMENT EQUITY INTEREST TRANSFER AGREEMENT**

#### ***Date***

28 April 2015

#### ***Parties***

Seller: SIIC Shanghai  
Purchaser: SI Development

(See the section headed "5. General Information" of this announcement for a description of the parties.)

#### ***Subject matter***

SIIC Shanghai agrees to sell, and SI Development agrees to purchase, 100% of the equity interest in Shanghai Investment for a consideration of RMB3,400,000,000 (equivalent to approximately HK\$4,248,938,000).

(See the section headed "5. General Information" of this announcement for a description of Shanghai Investment.)

### ***Consideration***

The consideration for the Shanghai Investment Acquisition is RMB3,400,000,000 (equivalent to approximately HK\$4,248,938,000). It was determined through arm's length negotiations between the parties and with reference to the appraisal by an independent valuer and to be finally confirmed by SASAC. A supplemental agreement will be signed between the parties to confirm the final consideration.

The original cost incurred by SIIC Shanghai for the acquisition of 100% of the equity interest in Shanghai Investment was RMB3,353,000,000 (equivalent to approximately HK\$4,192,702,000).

The consideration shall be payable by SI Development to SIIC Shanghai in cash from funds raised from the SI Development Share Issuance in the following manner:

- (i) 30% of the consideration shall be paid within five working days after the execution of the Shanghai Investment Equity Interest Transfer Agreement; and
- (ii) the remaining 70% of the consideration shall be paid within ten days of completion of the Shanghai Investment Acquisition.

### ***Conditions Precedent***

Completion of the Shanghai Investment Acquisition is conditional on the satisfaction of certain conditions, including:

- (i) approval from the board of directors of SI Development in respect of the SI Development Share Issuance;
- (ii) approval from the shareholders of SI Development in respect of the SI Development Share Issuance;
- (iii) all the required approvals of the SI Development Share Issuance have been granted by the relevant PRC approval authorities; and
- (iv) approval of the Independent Shareholders at the EGM (if required).

### ***Completion***

Completion shall take place when registration of the transfer of equity interest under the Shanghai Investment Equity Interest Transfer Agreement with the relevant PRC approval authorities has been completed.

### ***Profit Guarantee***

In connection with the Shanghai Investment Equity Interest Transfer Agreement, SI Development and SIIC Shanghai entered into a separate Shanghai Investment Performance Compensation Agreement. Pursuant to the Shanghai Investment Performance Compensation Agreement, upon the occurrence of all of the following:

- (i) the Shanghai Investment Acquisition is completed; and
- (ii) Shanghai Investment fails to achieve the agreed performance target, which is the total sum of the estimated net profits of Shanghai Investment for the years 2015 to 2017 as reported in the valuation report prepared by an independent valuer,

SIIC Shanghai shall pay a performance compensation amount to SI Development in cash, which shall be calculated as follows:

Performance compensation amount = the aggregate estimated net profits of Shanghai Investment for the years 2015 to 2017 – the aggregate actual net profits of Shanghai Investment for the years 2015 to 2017

In addition, if the asset devaluation of Shanghai Investment within the years of 2015 to 2017 is larger than the performance compensation amount received by SI Development, SIIC Shanghai shall pay an additional devaluation compensation to SI Development in cash, which shall be calculated as follows:

Devaluation compensation amount = the asset devaluation of Shanghai Investment within the years of 2015 to 2017 – the performance compensation amount received by SI Development

### **Reasons for and benefits of the Shanghai Investment Acquisition**

The Shanghai Investment Acquisition will strengthen SI Development's resources in premium real estate, improve the overall capital scale and assist in the further expansion and enhancement of SI Development's real estate business, lead to the rapid expansion of the real estate business, and increase SI Development's overall competitiveness.

In view of the above, apart from the independent non-executive directors who constitute the Independent Board Committee and whose view is reserved pending the advice of the Independent Financial Advisor, the Directors are of the view that the Shanghai Investment Equity Interest Transfer Agreement was entered into on normal commercial terms and that the terms of the Shanghai Investment Equity Interest Transfer Agreement are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

None of the Directors has a material interest in the Shanghai Investment Equity Interest Transfer Agreement, nor is he required to abstain from voting in the relevant board resolutions of the Company.

### **3. ACQUISITION OF 61.48% EQUITY INTEREST IN LONGCHUANG BY SI DEVELOPMENT**

On 28 April 2015, SI Development entered into the Longchuang Share Transfer Agreement and the Second SI Development Share Issuance Contract in relation to the Longchaung Transactions, under which SI Development has agreed to acquire an aggregate of 29,512,338 RMB denominated ordinary shares in Longchuang, representing approximately 61.48% of Longchuang's existing total issued shares.

(See the section headed "1. II. Second SI Development Share Issuance Contract" for a description of its key terms.)

#### **LONGCHUANG SHARE TRANSFER AGREEMENT**

##### ***Date***

28 April 2015

##### ***Parties***

Seller: the Other Longchuang Shareholders

Purchaser: SI Development

(See the section headed "5. General Information" of this announcement for a description of the parties.)

##### ***Subject matter***

The Other Longchuang Shareholders agree to sell, and SI Development agrees to purchase, 42.35% of the equity interest in Longchuang for a consideration of RMB308,343,783 (equivalent to approximately HK\$385,333,000).

The number of the Other Longchuang Shares held by each of the Other Longchuang Shareholders is as follows:

Name of seller	Number of the Other Longchuang Shares held
Shanghai Guanyu Investment and Development Co., Ltd.	4,680,000
Shanghai Meiyu Investment and Development Co., Ltd.	3,600,000
Zhangjiagang Delian Venture Capital Investment Centre (Limited Partnership)	2,084,850
Shanghai Nongtian Jianji Venture Capital Investment Partnership (Limited Partnership)	1,665,000

Shanghai S&T Investment Co., Ltd.	1,499,850
Shanghai AJ Capital Management Co., Ltd.	500,000
Chen Lihua	1,440,000
He Ting	1,440,000
Xu Kaifeng	720,000
Xu Jing	720,000
Dai Jianbiao	576,264
Wu Dawei	324,396
Wu Yihong	1,080,000

(See the section headed “5. General Information” of this announcement for a description of Longchuang.)

### ***Consideration***

The consideration for the Longchuang Share Transfer is RMB308,343,783 (equivalent to approximately HK\$385,333,000). It was determined through arm’s length negotiations between the parties and with reference to the valuation of the shareholders’ equity of Longchuang which is estimated to be in the range of RMB728,000,000 (equivalent to approximately HK\$909,773,000) as appraised by an independent valuer on a profit forecast basis (see section headed “4. Profit Forecast Requirement under the Listing Rules” for further details) and to be finally confirmed by SASAC.

The consideration shall be payable by SI Development to the Other Longchuang Shareholders in cash from funds raised from the SI Development Share Issuance in the following manner:

- (i) 50% of the consideration shall be paid within five working days after the execution of the Longchuang Share Transfer Agreement; and
- (ii) the remaining 50% of the consideration shall be paid within ten days of completion of the Longchuang Share Transfer.

### ***Conditions Precedent***

Completion of the Longchuang Share Transfer is conditional on the satisfaction of certain conditions, including:

- (i) approval from the board of directors of SI Development in respect of the SI Development Share Issuance;
- (ii) approval from the shareholders of SI Development in respect of the SI Development Share Issuance; and
- (iii) all the required approvals of the SI Development Share Issuance have been granted by the relevant PRC approval authorities.

### ***Completion***

Completion shall take place when registration of the transfer of equity interest under the Longchuang Share Transfer Agreement with the relevant PRC approval authorities has been completed.

### ***Profit Guarantee***

In connection with the Longchuang Share Transfer Agreement and the Second SI Development Share Issuance Contract, SI Development, Cao Wenlong, Dai Jianbiao, Wu Dawei, Wu Xinwei and Xu Xiang entered into a separate Longchuang Performance Compensation Agreement. Pursuant to the Longchuang Performance Compensation Agreement, upon the occurrence of all of the following:

- (i) the Longchuang Transactions are completed; and
- (ii) Longchuang fails to achieve the agreed performance target of RMB200,000,000 (equal to approximately HK\$249,938,000), which is the total sum of the estimated net profits of Longchuang for the years 2015 to 2017,

Cao Wenlong, Dai Jianbiao, Wu Dawei, Wu Xinwei and Xu Xiang shall pay a performance compensation amount to SI Development in cash, which shall be calculated as follows:

Performance compensation amount = (the aggregate estimated net profits of Longchuang for the years 2015 to 2017 – the aggregate actual net profits of Longchuang for the years 2015 to 2017) x 2

On the other hand, pursuant to the Longchuang Performance Compensation Agreement, upon the occurrence of the following:

- (i) the Longchuang Transactions are completed;
- (ii) Longchuang achieves the agreed performance target of RMB200,000,000 (equal to approximately HK\$249,938,000), which is the total sum of the estimated net profits of Longchuang for the years 2015 to 2017; and

- (iii) the competition clause in the Longchuang Share Transfer Agreement and the Second SI Development Share Issuance Contract have not been contravened and the employment under these two agreements have not been terminated,

SI Development shall pay a performance bonus amount to Cao Wenlong, Dai Jianbiao, Wu Dawei, Wu Xinwei and Xu Xiang in cash, which shall be calculated as follows:

Performance bonus amount = (the aggregate actual net profits of Longchuang for the years 2015 to 2017 – the aggregate estimated net profits of Longchuang for the years 2015 to 2017) x 40%

Pursuant to the Longchuang Performance Compensation Agreement, upon the occurrence of any of the following:

- (i) the actual net profit of Longchuang for the year 2015 fails to achieve 90% of the estimated net profit for the year 2015, which is RMB58,000,000 (equal to approximately HK\$72,482,000);
- (ii) the actual net profit of Longchuang for the year 2016 fails to achieve 90% of the estimated net profit for the year 2016, which is RMB68,000,000 (equal to approximately HK\$84,979,000);  
or
- (iii) the actual net profit of Longchuang for the year 2017 fails to achieve 90% of the estimated net profit for the year 2017, which is RMB74,000,000 (equal to approximately HK\$92,477,000),

the performance bonus amount shall instead be calculated as follows:

Performance bonus amount = (the aggregate actual net profits of Longchuang for the years 2015 to 2017 – the aggregate estimated net profits of Longchuang for the years 2015 to 2017 – the shortfall in any of (i), (ii) or (iii) above) x 40%

### **Reasons for and benefits of the Longchuang Transactions**

SI Development has stated that the newly increased profits and total assets as a result of the acquisition of equity interests in Longchuang under the Longchuang Share Transfer Agreement and the Second SI Development Share Issuance will have a positive financial effect on SI Development as a whole, and will immediately result in relatively stable and considerable profits upon the completion of the acquisition. In the meantime, as a leading corporate in PRC real estate, SI Development, through its business cooperation with Longchuang, will also increase the business value added of its real estate business, further enhancing the profitability of SI Development.

In view of the above, the Directors are of the view that the Longchuang Share Transfer Agreement and the Second SI Development Share Issuance Agreement were entered into on normal commercial terms and that the terms of the Longchuang Share Transfer Agreement and the Second SI Development Share Issuance Agreement are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

None of the Directors has a material interest in the Longchuang Share Transfer Agreement and the Second SI Development Share Issuance Agreement, nor is he required to abstain from voting in the relevant board resolutions of the Company.

#### **4. PROFIT FORECAST REQUIREMENT UNDER THE LISTING RULES**

The independent valuer has to determine the fair value estimate of the valuation of Longchuang. This fair value estimate constitutes a profit forecast under Rule 14.61 of the Listing Rules.

The Company will make a further announcement in accordance with the requirements under Rule 14.60A of the Listing Rules, which sets out, among other things, the principal assumptions, including commercial assumptions, upon which the valuation is based; a letter from the Board setting out the confirmation that the valuation is made after due and careful enquiry; and the letter from the Company's reporting accountant confirming the results of its review of the accounting policies and calculations for the valuation as required by the Listing Rules.

#### **5. GENERAL INFORMATION**

##### **Information on the Company and SI Development**

##### **1. The Company**

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

##### **2. SI Development**

SI Development is a non-wholly owned subsidiary of the Company listed on the Shanghai Stock Exchange. SI Development is principally engaged in real estate development, real estate management, real estate business consulting services and PRC domestic trading.

The audited consolidated net profits (both before and after taxation and extraordinary items) of SI Development for the two financial years ended 31 December 2014 and 31 December 2013 prepared in accordance with PRC Accounting Standards for Business Enterprises are set out below:

	For the financial year ended 31 December	
	2014	2013
	<i>RMB</i>	<i>RMB</i>
Net profit before taxation and extraordinary items	1,230,075,000 (equivalent to approximately HK\$1,537,209,000)	763,354,000 (equivalent to approximately HK\$953,954,000)
Net profit after taxation and extraordinary items	918,651,000 (equivalent to approximately HK\$1,148,027,000)	519,368,000 (equivalent to approximately HK\$649,048,000)

## **Information on the Other Parties to the SI Development Share Issuance Contracts**

### **1. Shanghai Asset**

Shanghai Asset is an associate of SIIC and therefore a connected person of the Company. SIIC is the controlling shareholder. SIIC exercises the authority as a state-owned shareholder of SIIC Shanghai, which indirectly holds 100% shareholding in Shanghai Asset. Shanghai Asset is principally engaged in investment and investment management, industrial investment, high-tech industry investment, asset management and operation, corporate management consultancy, and investment consultancy.

### **2. Cao Wenlong**

To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, Cao Wenlong is a third party independent of the Company and its connected persons.

### **3. BOSC Asset Management Co., Ltd.**

BOSC Asset Management Co., Ltd. is principally engaged in: fundraising, fund sales, asset management, asset management for specific clients and other businesses permitted by the China Securities Regulatory Commission. To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, BOSC Asset Management Co., Ltd. is a third party independent of the Company and its connected persons.

### **4. Jun Zheng (Shanghai) Equity Investment Fund Partnership (Limited Partnership)**

Jun Zheng (Shanghai) Equity Investment Fund Partnership (Limited Partnership) is principally engaged in: equity investment, equity investment management, investment management, asset management and investment consultancy. To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, Jun Zheng (Shanghai) Equity Investment Fund Partnership (Limited Partnership) is a third party independent of the Company and its connected persons.

## **5. CITIC Securities Company Limited**

CITIC Securities Company Limited is principally engaged in: securities brokerage; securities investment consultancy; financial advisory relating to securities trading and securities investment activities; securities underwriting and sponsorship; proprietary trading of securities; securities asset management; securities margin trading; securities investment fund distribution on commission; intermediary business for futures companies; financial products distribution on commission; stock option market making. To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, CITIC Securities Company Limited is a third party independent of the Company and its connected persons.

## **6. Shanghai Da Zhen Asset Management Centre (Limited Partnership)**

Shanghai Da Zhen Asset Management Centre (Limited Partnership) is principally engaged in: asset management, investment management and consultancy, enterprise management consultancy, commercial information consultancy, market information consultancy and survey, marketing and planning, corporate image planning, private securities investment and equity investment. To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, Shanghai Da Zhen Asset Management Centre (Limited Partnership) is a third party independent of the Company and its connected persons.

## **7. China Great Wall Asset Management Corporation**

China Great Wall Asset Management Corporation is principally engaged in: acquisition and operation of non-performing assets divested by the Agricultural Bank of China; commercial purchase, entrustment and investment; debt recovery and asset swap, transfer and disposal; debt restructuring and corporate restructuring; debt-to-equity swap and shares holding by stages, and asset securitisation; listing recommendation and underwriting of bonds and stocks within the scope of asset management; direct investment; bond offering and commercial borrowings; borrowings from financial institutions and application with the People's Bank of China for re-lending; treasury bond and repurchase; trading and repurchase of central bank notes and financial debenture bond; investment, financial and legal consultancy and advisory; asset and project appraisal; business audit and bankruptcy liquidation; concurrent insurance agency; other businesses permitted by financial regulatory authorities. To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, China Great Wall Asset Management Corporation is a third party independent of the Company and its connected persons.

## **8. Beijing Lancapital Agricultural Industrial Investment Fund Management Centre (Limited Partnership)**

Beijing Lancapital Agricultural Industrial Investment Fund Management Centre (Limited Partnership) is principally engaged in: investment management and consultancy of non-securities business; project investment; investment management; asset management; investment consultancy. To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, Beijing Lancapital Agricultural Industrial Investment Fund Management Centre (Limited Partnership) is a third party independent of the Company and its connected persons.

## **9. Beijing Zhong Rong Ding Xin Investment Management Co., Ltd.**

Beijing Zhong Rong Ding Xin Investment Management Co., Ltd. is principally engaged in: project investment and asset management; investment consultancy; enterprise management and consultancy. To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, Beijing Zhong Rong Ding Xin Investment Management Co., Ltd. is a third party independent of the Company and its connected persons.

### **Information on the Other Party to the Shanghai Investment Equity Interest Transfer Agreement – SIIC Shanghai**

SIIC Shanghai is an associate of SIIC and therefore a connected person of the Company. SIIC beneficially owns approximately 57.70% of the Company's issued share capital. SIIC exercises the authority as a state-owned shareholder of SIIC Shanghai, which is a state-owned enterprise. SIIC Shanghai is principally engaged in industrial investment, domestic trade (except where special provisions apply), and operation and management of state-owned assets within the authorisation.

### **Information on the Other Parties to the Longchuang Share Transfer Agreement**

To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, each of Shanghai Guanyu Investment and Development Co., Ltd., Shanghai Meiyu Investment and Development Co., Ltd., Zhangjiagang Delian Venture Capital Investment Centre (Limited Partnership), Shanghai Nongtian Jianji Venture Capital Investment Partnership (Limited Partnership), Shanghai S&T Investment Co., Ltd., Shanghai AJ Capital Management Co., Ltd., Chen Lihua, He Ting, Xu Kaifeng, Xu Jing, Dai Jianbiao, Wu Dawei and Wu Yihong is a third party independent of the Company and its connected persons.

### **Information on the Companies in which SI Development is Acquiring Equity Interests**

#### **1. Longchuang**

Longchuang is principally engaged in the sale, design, sourcing and application of construction energy saving facilities; the provision and maintenance of a platform for the supervision of construction facilities energy saving; and the provision of high-end home and hotel intelligent application solutions.

The unaudited consolidated net profits (both before and after taxation and extraordinary items) of Longchuang for the two financial years ended 31 December 2014 and 31 December 2013 prepared in accordance with PRC Accounting Standards for Business Enterprises standards are set out below:

	For the financial year ended 31 December	
	2014	2013
	<i>RMB</i>	<i>RMB</i>
Net profit before taxation and extraordinary items	56,747,000 (equivalent to approximately HK\$70,916,000)	46,654,000 (equivalent to approximately HK\$58,303,000)
Net profit after taxation and extraordinary items	49,153,000 (equivalent to approximately HK\$61,426,000)	40,196,000 (equivalent to approximately HK\$50,232,000)

## 2. Information on Shanghai Investment

Shanghai Investment is engaged in investment and investment management, industrial investment, high-tech industrial investment, asset management, asset operation, business management consulting and investment consulting. Shanghai Investment has seven subsidiaries, six of which are real estate companies and one of which is a property management company, as follows:

### (i) Shanghai Sheng Qing

Shanghai Sheng Qing is a wholly owned subsidiary of Shanghai Investment and is principally engaged in real estate development and operation; the sale of construction materials, renovation materials, timber, metals (except where special provisions apply), electrical machinery and equipment, property leasing, and the provision of convention and exhibition services.

It has land use rights over land in the Qingpu District in Shanghai, PRC. And it is the developer for a comprehensive commercial complex that features art and culture, “Shanghai North Ganshan Art Centre\*” (上海北竿山國際藝術中心), on the land.

### (ii) Shanghai SIC Property

Shanghai SIC Property is a wholly owned subsidiary of Shanghai Investment and is principally engaged in real estate development and operation; property leasing (on behalf of property owners), property management, real estate consulting, and the sale of construction and renovation materials.

It has land use rights over land in the Jiang'an District, Shanghai, PRC on which it has developed the residential project “Tai Fu Ming Di\*” (泰府名邸). As of the date of this announcement, most of the project has been completed.

### (iii) Shanghai Hui Tong

Shanghai Hui Tong is a wholly owned subsidiary of Shanghai Investment and is principally engaged in real estate development and operation, property management; the sale of construction materials, renovation materials, metals (excluding precious metals), timber, water and heating

equipment, general machinery, electrical machinery and equipment, electrical appliances, and telecommunication equipment and related products.

It has real estate ownership over land situated at the juncture of the Changning, Jing'An and Putuo Districts in Shanghai, PRC. It is the developer for the comprehensive real estate development project “Changning 88 Centre\*” (長寧八八中心) which aims to build a comprehensive urban community consisting of high-end residential apartments, Grade A 5A high-rise office buildings and a commercial complex. As of the date of this announcement, the project is still under construction.

(iv) Tianjin SIC Property

Tianjin SIC Property is non-wholly owned subsidiary of Shanghai Investment and is principally engaged in real estate development and sales; the sale and leasing of construction materials and construction machinery; and landscaping.

It has land use rights over two pieces of land in the Xiqing District in Tianjin, PRC. Tianjin SIC Property has completed the development of residential properties “Huating Liyuan\*” (華亭麗園) and “Huating Jiayuan\*” (華亭佳園) on the land.

(v) Suzhou SIC Property

Suzhou SIC Property is a non-wholly owned subsidiary of Shanghai Investment and is principally engaged in property management, real estate agency, landscaping; and the sale of construction materials and machinery.

It has land use rights over land in the Suzhou Wuzhong Economic Development Zone in Suzhou, PRC. It is the developer for a residential modern garden villa project.

(vi) Shaoxing SIC Property

Shaoxing SIC Property is a non-wholly owned subsidiary of Shanghai Investment and is principally engaged in real estate development and operation; wholesale and retail of construction and renovation materials (excluding hazardous chemicals).

It has land use rights over plots of land in the Paojing Central Commercial and Trading Area in Shaoxing, PRC. It is responsible for the development of the mixed commercial, office and residential properties on those plots of land. As of the date of this announcement, the properties are still under construction.

(vii) Shanghai New Century

Shanghai New Century is a non-wholly owned subsidiary of Shanghai Investment and is principally engaged in property management, real estate agency, consulting, garage management and conference services.

It is a property management company and manages properties in Shanghai, including the Shanghai People's Procuratorate, the Shanghai's Procuratorate No.2 Division, Xuhui District Government, the office building of Xuhui District Government in Longcao Road, the Shanghai Oriental Notary Public Office, the People's Court of Yangpu District, the People's Court of Putuo District, the Shanghai Urban Construction Archives, the Bank of Beijing Shanghai Branch, the No.3 Intermediate People's Court, the Shanghai Railway Transportation Intermediate Court, the Shanghai Railway Transportation Court, the Shanghai People's Procuratorate Railway Division and the Shanghai Railway Transportation Procuratorate.

The unaudited consolidated net profits (both before and after taxation and extraordinary items) of Shanghai Investment for the two financial years ended 31 December 2014 and 31 December 2013 prepared in accordance with PRC Accounting Standards for Business Enterprises are set out below:

	For the financial year ended 31 December	
	2014	2013
	<i>RMB</i>	<i>RMB</i>
Net profit before taxation and extraordinary items	546,392,000	305,692,000
	(equivalent to	(equivalent to
	approximately	approximately
	HK\$682,819,000)	HK\$382,019,000)
Net profit after taxation and extraordinary items	401,399,000	225,949,000
	(equivalent to	(equivalent to
	approximately	approximately
	HK\$501,623,000)	HK\$282,366,000)

## 6. LISTING RULES IMPLICATIONS

### Placing of new shares in SI Development, giving rise to a deemed disposal

According to Rule 14.22 of the Listing Rules, the First SI Development Share Issuance, the Second SI Development Share Issuance and the Other SI Development Share Issuances will be aggregated and treated as if they were one transaction.

As a result of the SI Development Share Issuance, the Company's shareholding interest in SI Development will be diluted in aggregate from 63.65% to 43.20%, giving rise to a deemed disposal of the Company according to Rule 14.29 of the Listing Rules. SI Development will continue to be accounted for as a subsidiary of the Company and consolidated in the Group's financial statements after the SI Development Share Issuance. As one or more of the applicable percentage ratios in respect of the deemed disposal exceed 5% but none of them exceeds 25%, the deemed disposal arising from the SI Development Share Issuance constitutes a discloseable transaction for the Company, and is subject to the reporting and announcement requirements under Chapter 14 of the Listing Rules.

The SI Development Share Issuance includes the First SI Development Share Issuance, which involves the placing of the SI Development New Shares I to Shanghai Asset. SIIC is the controlling shareholder and therefore a connected person of the Company. SIIC exercises the authority as a state-owned shareholder of SIIC Shanghai, which indirectly holds 100% shareholding in Shanghai Asset. Shanghai Asset is therefore an associate of SIIC and a connected person of the Company. Accordingly, the First SI Development Share Issuance constitutes a connected transaction for the Company. As one or more of the applicable percentage ratios of the First SI Development Share Issuance exceed 0.1% but none of them exceeds 5%, the First SI Development Share Issuance is exempt from the independent shareholders' approval requirement but is subject to the reporting and announcement requirements under Chapter 14A of the Listing Rules.

The SI Development Share Issuance also includes the Second SI Development Share Issuance. Part of the Second SI Development Share Issuance involves the acquisition by SI Development of the Cao Longchuang Sale Shares to be transferred by the seller as part of the consideration for the Second SI Development Share Issuance. At the same time, SI Development has agreed to acquire the Other Longchuang Sale Shares from the Other Longchuang Shareholders pursuant to the Longchuang Share Transfer Agreement.

According to Rule 14.22 of the Listing Rules, the acquisition by SI Development of the Cao Longchuang Sale Shares pursuant to the Second SI Development Share Issuance Contract and the acquisition by SI Development of the Other Longchuang Sale Shares from the Other Longchuang Shareholders pursuant to the Longchuang Share Transfer Agreement will be aggregated and treated as if they were one transaction as they both involve the transfer of shares in Longchuang. As none of the applicable percentage ratios exceeds 5%, the Longchuang Transactions (as aggregated) do not constitute a discloseable transaction for the Company.

#### **Acquisition of 100% equity interest in Shanghai Investment by SI Development**

As one or more of the applicable percentage ratios in respect of the Shanghai Investment Acquisition exceed 5% but none of them exceeds 25%, the Shanghai Investment Acquisition constitutes a discloseable transaction for the Company, and is subject to the reporting and announcement requirements under Chapter 14 of the Listing Rules.

SIIC beneficially owns approximately 57.70% of the Company's issued share capital and therefore SIIC is a connected person of the Company. SIIC exercises the authority as a state-owned shareholder of SIIC Shanghai, which is a state-owned enterprise. Therefore, SIIC Shanghai is an associate of SIIC and a connected person of the Company. Accordingly, the Shanghai Investment Acquisition also constitutes a connected transaction for the Company, and is subject to the reporting, announcement and independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

#### **Acquisition of 61.48% equity interest in Longchuang by SI Development**

According to Rule 14.22 of the Listing Rules, the acquisition by SI Development of the Other Longchuang Sale Shares from the Other Longchuang Shareholders pursuant to the Longchuang Share Transfer Agreement and the acquisition by SI Development of the Cao Longchuang Sale

Shares pursuant to the Second SI Development Share Issuance Contract will be aggregated and treated as if they were one transaction as they both involve the acquisition of shares in Longchuang. As none of the applicable percentage ratios exceeds 5%, the Longchuang Transactions (as aggregated) do not constitute a discloseable transaction for the Company under Chapter 14 of the Listing Rules.

SIIC is the controlling shareholder and therefore a connected person of the Company. SIIC exercises the authority as a state-owned shareholder of SIIC Shanghai, which indirectly holds 100% shareholding in SIIC Venture. SIIC Venture is therefore an associate of SIIC. SIIC Venture holds as to 13.02% of the equity interest in Longchuang prior to the Longchuang Transactions and is therefore a substantial shareholder of Longchuang. Accordingly, the Longchuang Transactions constitute a connected transaction for the Company pursuant to Rule 14A.28 of the Listing Rules. As one or more of the applicable percentage ratios of the Longchuang Transactions (as aggregated) exceed 0.1% but none of them exceeds 5%, the Longchuang Transactions are exempt from the independent shareholders' approval requirement but are subject to the reporting and announcement requirements under Chapter 14A of the Listing Rules.

#### **Independent Board Committee and Independent Financial Adviser**

The Independent Board Committee has been established to advise the Independent Shareholders in respect of the Shanghai Investment Acquisition, and BNP Paribas Securities (Asia) Limited has been appointed as the Independent Financial Adviser by the Company to advise the Independent Board Committee and the Independent Shareholders in respect of the Shanghai Investment Acquisition.

### **7. DESPATCH OF SHAREHOLDERS' CIRCULAR**

A circular containing, inter alia, details of the Shanghai Investment Acquisition, the profit forecast referred to in the section headed "4. Profit Forecast Requirement under the Listing Rules" in this announcement, further details of the resolution of the Directors approving the Shanghai Investment Acquisition, details of the Shanghai Investment Equity Interest Transfer Agreement, the letter of advice from the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders, the recommendation of the Independent Board Committee to the Independent Shareholders, the notice convening the EGM and other information as required under the Listing Rules, will be despatched to the Shareholders on or before 22 May 2015 as additional time is required to prepare the aforesaid information to be included in the circular.

**As the completion of the Transactions is conditional on the satisfaction of the conditions precedent set out under the headings "Conditions Precedent" in sections 1 and 2 above, the Transactions may or may not proceed. Shareholders and potential investors should exercise caution when dealing in securities of the Company.**

## 8. DEFINITIONS

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

“associates”	has the meaning ascribed to it under the Listing Rules
“Board”	the board of Directors
“Cao Wenlong”	a natural person who holds 18,360,000 shares in Longchuang, representing 38.25% of its issued share capital prior to completion of the Longchuang Transactions
“Cao Longchuang Sale Shares”	9,181,978 shares in Longchuang to be sold by Cao Wenlong to SI Development pursuant to the Second SI Development Share Issuance Contract
“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 of Hong Kong Limited (Stock Code: 363)
“connected person(s)”	has the meaning ascribed to it under the Listing Rules
“Directors”	the directors of the Company
“EGM”	an extraordinary general meeting of the Company to be held on or around 11 June 2015 to consider and approve the Shanghai Investment Acquisition
“First SI Development Share Issuance”	the placing of SI Development New Shares I to Shanghai Asset pursuant to the First SI Development Share Issuance Contract
“First SI Development Share Issuance Contract”	the share subscription agreement entered into between SI Development and Shanghai Asset on 28 April 2015 in respect of the placement of the SI Development New Shares I
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	Hong Kong Special Administrative Region of the People’s Republic of China

“Independent Board Committee”	the independent board committee comprising all the independent non-executive Directors, namely Dr. Lo Ka Shui, Prof. Woo Chia-Wei, Mr. Leung Pak To, Francis and Mr. Cheng Hoi Chuen, Vincent
“Independent Financial Adviser”	BNP Paribas Securities (Asia) Limited, a corporation licensed to carry out type 1 (dealing in securities), type 2 (dealing in future contracts), type 4 (advising on securities), type 6 (advising on corporate finance) and type 7 (providing automated trading services) regulated activities under the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong), the independent financial adviser appointed to advise the Independent Board Committee in relation to the Shanghai Investment Acquisition
“Independent Shareholders”	the Shareholders who are not prohibited under the Listing Rules from voting at the EGM to approve the Shanghai Investment Acquisition
“Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
“Longchuang”	上海龍創節能系統股份有限公司 (Shanghai Longchuang Eco-Energy Systems Co., Ltd.*), a company established in the PRC
“Longchuang Performance Compensation Agreement”	the performance compensation agreement entered into between SI Development, Cao Wenlong, Dai Jianbiao, Wu Dawei, Wu Xinwei and Xu Xiang on 28 April 2015 by way of a supplemental agreement to the Longchuang Share Transfer Agreement, in respect of the payment of certain compensation by Cao Wenlong, Dai Jianbiao, Wu Dawei, Wu Xinwei and Xu Xiang
“Longchuang Intelligent”	上海龍創智能系統有限公司 (Shanghai Longchuang Intelligent Systems Co., Ltd.*), a company established in the PRC and a wholly owned subsidiary of Longchuang
“Longchuang Share Transfer”	the transfer of the Other Longchuang Sale Shares from the Other Longchuang Shareholders to SI Development pursuant to the Longchuang Share Transfer Agreement
“Longchuang Share Transfer Agreement”	the share transfer agreement entered into between SI Development and the Other Longchuang Shareholders on 28 April 2015, in respect of the transfer of the Other Longchuang Sale Shares to SI Development
“Longchuang Transactions”	collectively, the transfers of (i) the Cao Longchuang Sale Shares by Cao Wenlong pursuant to the Second SI Development Share Issuance Contract and (ii) the Longchuang Share Transfer

“Other Longchuang Shareholders”	the parties to the Longchuang Share Transfer Agreement, namely 上海冠嶼投資發展有限公司 (Shanghai Guanyu Investment and Development Co., Ltd.*); 上海美嶼投資發展有限公司 (Shanghai Meiyu Investment and Development Co., Ltd.*); 張家港德聯創業投資中心（有限合夥）(Zhangjiagang Delian Venture Capital Investment Centre (Limited Partnership)*); 上海農天鑒吉創業投資合夥企業（有限合夥）(Shanghai Nongtian Jianji Venture Capital Investment Partnership (Limited Partnership)*); 上海科技創業投資股份有限公司 (Shanghai S&T Investment Co., Ltd.*); 上海愛建資本管理有限公司 (Shanghai AJ Capital Management Co., Ltd.*); Chen Lihua; He Ting; Xu Kaifeng; Xu Jing; Dai Jianbiao; Wu Dawei; and Wu Yihong, who have agreed to sell the Other Longchuang Sale Shares to SI Development pursuant to that agreement
“Other Longchuang Sale Shares”	20,330,360 shares in Longchuang to be sold by the Other Longchuang Shareholders to SI Development pursuant to the Longchuang Share Transfer Agreement
“Other Placees”	the seven placees under the Other SI Development Share issuance, namely 上銀基金管理有限公司 (BOSC Asset Management Co., Ltd.*), 君證（上海）股權投資基金合夥企業（有限合夥）(Jun Zheng (Shanghai) Equity Investment Fund Partnership (Limited Partnership*)), 中信證券股份有限公司 (CITIC Securities Company Limited*), 上海達甄資產管理中心（有限合夥）, (Shanghai Da Zhen Asset Management Centre (Limited Partnership)*), 中國長城資產管理公司 (China Great Wall Asset Management Corporation*), 北京藍巨農業產業投資基金管理中心（有限合夥）(Beijing Lancapital Agricultural Industrial Investment Fund Management Centre (Limited Partnership*)) and 北京中融鼎新投資管理有限公司 (Beijing Zhong Rong Ding Xin Investment Management Co., Ltd.*)
“Other SI Development Share Issuance”	the placing of SI Development New Shares III to the other Placees pursuant to the Other SI Development Share Issuance Contracts
“Other SI Development Share Issuance Contracts”	the share subscription agreements entered into between SI Development and the Other Placees on 28 April 2015 in respect of the placement of the SI Development New Shares III
“PRC”	the People’s Republic of China (excluding, for the purposes of this announcement, Hong Kong, the Macau Special Administrative Region and Taiwan)

“Pricing Benchmark Date”	the date of the announcement of the resolution passed at the meeting of the board of directors of SI Development with respect to the SI Development Share Issuance, being 29 April 2015
“RMB”	Renminbi, the lawful currency of the PRC
“SASAC”	the relevant the State-owned Assets Supervision and Administration Commission in the PRC
“Second SI Development Share Issuance”	the placing of SI Development New Shares II to Cao Wenlong pursuant to the Second SI Development Share Issuance Contract
“Second SI Development Share Issuance Contract”	the share subscription agreement entered into between SI Development and Cao Wenlong on 28 April 2015 in respect of the placement of the SI Development New Shares II
“Shanghai Asset”	上海上投資產經營有限公司 (Shanghai Asset Operation Co., Ltd.*), a company established in the PRC and a wholly owned subsidiary of SIIC Shanghai
“Shanghai Yintai Buildings”	上海胤泰樓宇科技有限公司 (Shanghai Yintai Buildings Science and Technology Co., Ltd.*), a company established in the PRC and a wholly owned subsidiary of Longchuang
“Shanghai Hui Tong”	上海匯通房地產有限公司 (Shanghai Hui Tong Property Co., Ltd.*), a company established in the PRC and a wholly owned subsidiary of Shanghai Investment
“Shanghai Investment”	上海上投控股有限公司 (Shanghai Investment Co., Ltd.*), a company established in the PRC and a wholly owned subsidiary of SIIC Shanghai
“Shanghai Investment Acquisition”	the acquisition of 100% of the equity interest in Shanghai Investment by SI Development pursuant to the Shanghai Investment Equity Interest Transfer Agreement
“Shanghai Investment Equity Interest Transfer Agreement”	the equity interest transfer agreement entered into between SI Development and SIIC Shanghai on 28 April 2015 in respect of the transfer of 100% of the equity interest in Shanghai Investment
“Shanghai Investment Performance Compensation Agreement”	the performance compensation agreement entered into between SI Development and SIIC Shanghai on 28 April 2015 by way of a supplemental agreement to the Shanghai Investment Equity Interest Transfer Agreement, in respect of the payment of certain compensation by SIIC Shanghai

“Shanghai New Century”	上海新世紀房產服務有限公司 (Shanghai New Century Real Estate Service Co., Ltd.*), a company established in the PRC and a wholly owned subsidiary of Shanghai Investment
“Shanghai Sheng Qing”	上海勝清置業有限公司 (Shanghai Sheng Qing Property Co., Ltd.*), a company established in the PRC and a wholly owned subsidiary of Shanghai Investment
“Shanghai SIC Property”	上海上投置業發展有限公司, (Shanghai SIC Property Development Co., Ltd.*), a company established in the PRC and a wholly owned subsidiary of Shanghai Investment
“Shaoxing SIC Property”	紹興上投置業發展有限公司, (Shaoxing SIC Property Development Co., Ltd.*), a company established in the PRC and a non-wholly owned subsidiary of Shanghai Investment
“Shareholders”	the shareholders of the Company
“SI Development”	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 listed on the Shanghai Stock Exchange (stock code: 600748) and a non-wholly owned subsidiary of the Company
“SI Development New Shares I”	85,470,085 shares of SI Development to be subscribed by Shanghai Asset pursuant to the First SI Development Share Issuance Contract
“SI Development New Shares II”	20,000,000 shares of SI Development to be subscribed by Cao Wenlong pursuant to the Second SI Development Share Issuance Contract
“SI Development New Shares III”	407,350,427 shares of SI Development to be subscribed by the Other Placees pursuant to the Other SI Development Share Issuance Contracts
“SI Development Share Issuance”	the issuance of new shares of SI Development by SI Development (i) to Shanghai Asset pursuant to the First SI Development Share Issuance Contract;(ii) to Cao Wenlong pursuant the Second SI Development Share Issuance Contract; and (iii) to the Other Placees pursuant to the Other SI Development Share Issuance Contracts
“SI Development Share Issuance Contracts”	collectively, the First SI Development Share Issuance Contract, the Second SI Development Share Issuance Contract and the Other SI Development Share Issuance Contracts

“SIIC”	Shanghai Industrial Investment (Holdings) Company Limited, a company incorporated in Hong Kong with limited liability and the controlling shareholder of the Company, which holds approximately 57.70% of the issued share capital of the Company
“SIIC Shanghai”	上海上實(集團)有限公司 (SIIC Shanghai (Holdings) Co., Ltd.*), a company established in the PRC with limited liability with SIIC as the authorised representative exercising state-owned shareholder’s right over it
“SIIC Venture”	上海上實創業投資有限公司 (SIIC Shanghai Venture Capital Co., Ltd.*), a company established in the PRC with limited liability and a wholly-owned subsidiary of SIIC Shanghai
“Sponsor”	海通證券股份有限公司 (Haitong Securities Co., Ltd.*)
“subsidiary”	has the meaning ascribed to it under the Listing Rules
“substantial shareholder”	has the meaning ascribed to it under the Listing Rules
“Suzhou SIC Property”	蘇州上投置業有限公司, (Suzhou SIC Property Development Co., Ltd.*), a company established in the PRC and a non-wholly owned subsidiary of Shanghai Investment
“Tianjin SIC Property”	天津上投置業發展有限公司, (Tianjin SIC Property Development Co., Ltd.*), a company established in the PRC and a non-wholly owned subsidiary of Shanghai Investment
“Transactions”	collectively, the transactions contemplated under the Shanghai Investment Equity Interest Transfer Agreement, the First SI Development Share Issuance Contract, the Second SI Development Share Issuance Contract and the Other SI Development Share Issuance Contracts
“Yulin M&E”	上海煜麟機電工程有限公司 (Shanghai Yulin Mechanical and Electrical Engineering Co., Ltd.*), a company established in the PRC and a wholly owned subsidiary of Longchuang
“%”	per cent

*For the purposes of this announcement, the exchange rate of HK\$1.00 = RMB0.8002 has been used, where appropriate, for the purposes of illustration only and does not constitute a representation that any amount has been, could have been or may be exchanged 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, 28 April 2015

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

*Executive Directors:*

*Mr. Wang Wei, Mr. Zhou Jie, Mr. Lu Shen, Mr. Zhou Jun 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*

*\* for identification purpose only*