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**(Stock Code: 363)**

## **FURTHER ANNOUNCEMENT**

### **PROFIT FORECAST IN RELATION TO CONNECTED TRANSACTION FOR ACQUISITION OF 61.48% EQUITY INTEREST IN SHANGHAI LONGCHUANG ECO-ENERGY SYSTEMS CO., LTD. BY SHANGHAI INDUSTRIAL DEVELOPMENT CO., LTD.**

We refer to the announcement of Shanghai Industrial Holdings Limited (the “**Company**”) dated 28 April 2015 in relation to the acquisition of 61.48% equity interest in Shanghai Longchuang Eco-Energy Systems Co., Ltd. by Shanghai Industrial Development Co., Ltd. (the “**Announcement**”). Unless otherwise stated, capitalised terms used herein shall have the same meanings as those defined in the Announcement.

上海東洲資產評估有限公司 (Orient Appraisal Co., Ltd.) (the “**Independent Valuer**”), an independent valuer commissioned by SI Development to conduct a fair value estimate of the valuation of 100% equity interest in Longchuang which forms the basis for determining the consideration of the Longchuang Transactions, the Independent Valuer has relied primarily on the discounted cash flow methodology to determine the fair value estimate of the valuation of 100% equity interest in Longchuang as RMB728,000,000 (equivalent to approximately HK\$909,773,000).

Accordingly, the valuation report prepared by the Independent Valuer (the “**Valuation Report**”) constitutes a profit forecast under Rule 14.61 of the Listing Rules. This announcement is therefore subject to the requirements under Rules 14.60A and 14.62 of the Listing Rules in relation to profit forecast.

### *Assumptions of valuation*

The principal assumptions, including commercial assumptions, upon which the Valuation Report was based are as follows:

- there is an open market for the shares in Longchuang;
- the assets of Longchuang and its subsidiaries (together, the “**Target Group**”) are and, based on the relevant data and information, will continue to be in in operation;
- the Target Group, based on its existing assets and resources, will continue to operate legally and will not cease to operate in the foreseeable future because of whatever reason;
- the Valuation Report does not take into consideration, unless otherwise stated, any unusual factors which will affect the valuation such as existing or future pledges or guarantees provided by the Target Group;
- there will not be any material changes in the existing laws, policies or macroeconomics of the PRC, or the political, economical or social environment of the regions in which the Target Group is situated;
- there will not be any material changes in the tax rate applicable to the Target Group and the credit policy, interest rates and exchange rates are largely stable. The Target Group will continue to be classified as a high and new technology enterprise and subject to an income tax rate of 15%;
- the valuation does not take into account the effects of inflation;
- the business contracts, business licences, articles of association, executed agreements, audited reports, financial information and other information provided by the Target Group are true and valid;
- the existing and future management team of the Target Group is and will be diligent, will not commit any material breaches which will affect the development and revenue of the Target Group, and will continue to operate the Target Group on the existing management model;
- the contracts entered into by the Target Group are valid and enforceable;
- the valuation is a reasonable estimate of the future based on the current market conditions and does not take into account the unforeseeable material changes and fluctuations in the future market, such as political riot, economic turmoil and adverse inflation; and
- the various revenues, relevant prices and costs relied on in the valuation are based on the historical data provided by the Target Group.

## ***Confirmations***

Deloitte Touche Tohmatsu (“**Deloitte**”), acting as the Company’s auditor, has examined the calculations of the discounted future estimated cash flows in which the Valuation Report was based.

Deloitte has reported to the Directors in respect of the compilation, in accordance with the assumptions described above, of the discounted future estimated cash flows in connection with the valuation of 100% equity interest in Longchuang prepared by the Independent Valuer as set out in the Valuation Report. The Directors are solely responsible for the assumptions described above and the work performed by Deloitte did not include any assessment of the reasonableness or validity of the assumptions.

The Directors confirm that the valuation of the shareholders’ equity interest in Longchuang has been made after due and careful enquiry.

A report from Deloitte dated 15 May 2015 in compliance with Rule 14.62(2) of the Listing Rules and a letter from the Board in compliance with Rule 14.62(3) of the Listing Rules have been submitted to the Stock Exchange, the texts of which are included in Appendix I and Appendix II to this announcement, respectively.

## ***Experts and consents***

The qualifications of the experts who have given their statements in this announcement are as follows:

<b>Name</b>	<b>Qualification</b>
上海東洲資產評估有限公司 (Orient Appraisal Co., Ltd.)	an independent valuer commissioned by SI Development to conduct a fair value estimate of the valuation of 100% equity interest in Longchuang as at 31 March 2015. It is established in the PRC to provide intermediary consultation and appraisal services.
Deloitte	Certified Public Accountants

To the best of the Directors’ knowledge, information and belief and after having made all reasonable enquiries, each of the Independent Valuer and Deloitte is a third party independent of the Group and is not a connected person of the Group. As at the date of this announcement, neither the Independent Valuer nor Deloitte has any shareholding in any member of the Group or any right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in any member of the Group.

Each of the Independent Valuer and Deloitte has given and has not withdrawn its respective written consent to the issue of this announcement with inclusion of its name, statements and all references to its name (including its qualification) in the form and context in which they are included.

*For the purposes of this announcement, the exchange rate of HK\$1.00 = RMB0.8002 have been used, where applicable, for purpose of illustration only and do 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 the Order of the Board  
**Shanghai Industrial Holdings Limited**  
**Yee Foo Hei**  
*Company Secretary*

Hong Kong, 15 May 2015

*As at the date of this announcement, the Board 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*

## **APPENDIX I – REPORT FROM THE COMPANY’S AUDITOR**

### **ACCOUNTANTS’ REPORT ON CALCULATIONS OF THE DISCOUNTED FUTURE ESTIMATED CASH FLOWS IN CONNECTION WITH THE VALUATION OF EQUITY INTEREST IN SHANGHAI LONGCHUANG ECO-ENERGY SYSTEMS CO., LTD.**

#### **TO THE DIRECTORS OF SHANGHAI INDUSTRIAL HOLDINGS LIMITED**

We have examined the calculations of the discounted future estimated cash flows on which the valuation prepared by 上海東洲資產評估有限公司 (Orient Appraisal Co., Ltd.) dated 10 May 2015, in respect of the entire equity interest in 上海龍創節能系統股份有限公司 (Shanghai Longchuang Eco-Energy Systems Co., Ltd.) (“**Longchuang**”) as at 31 March 2015 (the “**Valuation**”) is based. Longchuang is a company established in the People's Republic of China and, together with its subsidiaries, 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 Valuation based on the discounted future estimated cash flows is regarded as a profit forecast under Rule 14.61 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Listing Rules**”) and will be included in the announcement dated 15 May 2015 issued by Shanghai Industrial Holdings Limited (the “**Company**”) in connection with the acquisition of 61.48% equity interest in Longchuang by Shanghai Industrial Development Co., Ltd. (the “**Announcement**”).

#### **Directors’ responsibility for the discounted future estimated cash flows**

The directors of the Company are responsible for the preparation of the discounted future estimated cash flows in accordance with the bases and assumptions determined by the directors and set out in the Announcement (the “**Assumptions**”). This responsibility includes carrying out appropriate procedures relevant to the preparation of the discounted future estimated cash flows for the Valuation and applying an appropriate basis of preparation; and making estimates that are reasonable in the circumstances.

#### **Reporting accountants’ responsibility**

It is our responsibility to form an opinion on the arithmetical accuracy of the calculations of the discounted future estimated cash flows on which the Valuation is based and to report solely to you, as a body, as required by Rule 14.62(2) of the Listing Rules, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

Our engagement was conducted in accordance with Hong Kong Standard on Assurance Engagements 3000 “Assurance Engagements Other Than Audits or Reviews of Historical Financial Information” issued by the Hong Kong Institute of Certified Public Accountants. This standard requires that we comply with ethical requirements and plan and perform the assurance engagement to obtain reasonable assurance on whether the discounted future estimated cash flows, so far as the calculations are concerned, have been properly compiled in accordance with the Assumptions. Our

work does not constitute any valuation of Longchuang.

Because the Valuation relates to discounted future estimated cash flows, no accounting policies of the Company have been adopted in its preparation. The Assumptions include hypothetical assumptions about future events and management actions which cannot be confirmed and verified in the same way as past results and these may or may not occur. Even if the events and actions anticipated do occur, actual results are still likely to be different from the Valuation and the variation may be material. Accordingly, we have not reviewed, considered or conducted any work on the reasonableness and the validity of the Assumptions and do not express any opinion whatsoever thereon.

### **Opinion**

Based on the foregoing, in our opinion, the discounted future estimated cash flows, so far as the calculations are concerned, have been properly compiled, in all material respects, in accordance with the Assumptions.

**Deloitte Touche Tohmatsu**

*Certified Public Accountants*

Hong Kong

15 May 2015

## APPENDIX II – LETTER FROM THE BOARD

15 May 2015

Listing Division  
The Stock Exchange of Hong Kong Limited  
11th Floor, One International Finance Centre  
1 Harbour View Street  
Hong Kong

Dear Sir / Madam,

### **Connected Transaction – Acquisition of 61.48% Equity Interest in Shanghai Longchuang Eco-Energy Systems Co., Ltd. by Shanghai Industrial Development Co., Ltd.**

We refer to the announcements of Shanghai Industrial Holdings Limited (the “**Company**”) dated 28 April 2015 and 15 May 2015 in relation to the acquisition of 61.48% equity interest in Longchuang by SI Development (the “**Announcements**”). Unless the context otherwise requires, terms defined in the Announcements shall have the same meanings when used herein.

We have reviewed and discussed the independent valuation report prepared by 上海東洲資產評估有限公司 (Orient Appraisal Co., Ltd.) (the “**Valuation Report**”), which forms the basis for determining the consideration for the Longchuang Transactions. We note that the methodology applied in deriving the fair value estimate of the valuation of 100% equity interest in Longchuang is regarded as a profit forecast under Rule 14.61 of the Listing Rules. Pursuant to Rule 14.62 of the Listing Rules, we have engaged Deloitte Touche Tohmatsu, acting as the Company’s auditor, to examine the arithmetical accuracy of the calculation of the Valuation Report in accordance with Hong Kong Standard on Assurance Engagements 3000 “Assurance Engagements Other Than Audits or Reviews of Historical Financial Information” issued by the Hong Kong Institute of Certified Public Accountants.

On the basis of the above, we confirm that the fair value estimate of the valuation of 100% equity interest in Longchuang as contained in the Valuation Report has been made after due and careful enquiry.

Yours faithfully,  
For and on behalf of the board of directors of  
**Shanghai Industrial Holdings Limited**

Zhou Jie  
*Executive Director, Chief Executive Officer  
and Vice Chairman*