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(Incorporated in Hong Kong with limited liability)

(Stock Code: 363)

DISCLOSEABLE TRANSACTION

DISPOSAL OF INTEREST IN GREEN CARBON FUND

THE REDEMPTION

On 8 January 2016, SUD, a non-wholly owned subsidiary of SIUD (a non-wholly owned subsidiary of the Company listed on the Stock Exchange), Green Carbon Fund, the Departing GP and the Remaining Partners entered into the Redemption Agreement pursuant to which Green Carbon Fund agreed to redeem the partnership interest held by SUD for a total amount of RMB1,668,000,000 (equivalent to approximately HKD1,991,880,000).

LISTING RULES IMPLICATIONS

The Redemption constitutes a disposal by the Company through SUD of its interest in Green Carbon Fund. Given that one or more of the applicable percentage ratios under Rule 14.07 of the Listing Rules in respect of the Redemption exceed 5% but none of such percentage ratios are 25% or above, the Redemption constitutes a discloseable transaction of the Company, and is subject to the reporting and announcement requirements under Chapter 14 of the Listing Rules.

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The principal terms of the Redemption Agreement are set out below.

THE REDEMPTION AGREEMENT

Date

8 January 2016

Parties

- (1) SUD, a company owned as to 59% by SIUD, as a limited partner of Green Carbon Fund;
- (2) Green Carbon Fund, a limited partnership;
- (3) Xishen Fund Management, as the then general partner of Green Carbon Fund;
- (4) Fuzhou Shenda, as a limited partner of Green Carbon Fund; and
- (5) Shanghai Shengeng, as a limited partner of Green Carbon Fund.

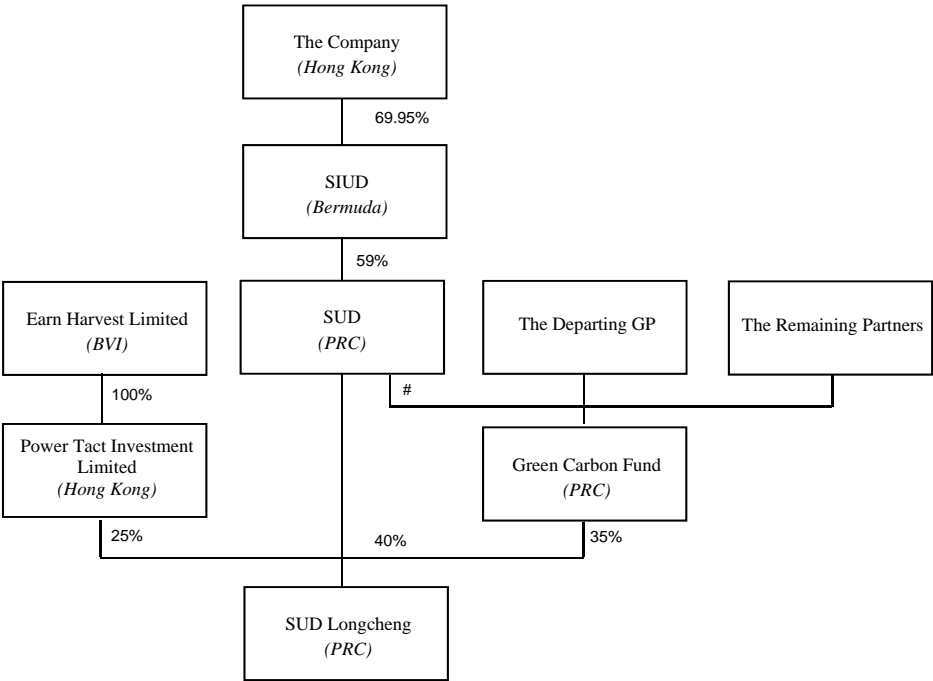
To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, each of Xishen Fund Management, Fuzhou Shenda, Shanghai Shengeng and their respective ultimate beneficial owners are third parties independent of the Company and its connected persons.

Asset disposed of

The assets being disposed of under the Redemption relates to the partnership interest in Green Carbon Fund held by SUD. Green Carbon Fund is a limited liability partnership established in the PRC and of which SUD, prior to Completion, was a limited partner. Green Carbon Fund owns 35% of the registered capital of SUD Longcheng. SUD Longcheng is a sino-foreign joint venture established in the PRC. It is owned as to 25% by Power Tact Investment Limited, 40% by SUD and 35% by Green Carbon Fund. SIUD used to own Power Tact Investment Limited, but such interest was disposed of by SIUD through the sale of its entire interest in Earn Harvest Limited, the holding company of Power Tact Investment Limited, in 2013. For further information about the disposal of the Group's interest in Earn Harvest Limited, please refer to the announcement of the Company dated 21 June 2013. SUD Longcheng has the land use rights to the Land which is located at Minhang District, Shanghai and is being developed as "U Center" with a total construction area of approximately 388,125 square metres comprising mixed-use properties including offices, commercial properties and a hotel.

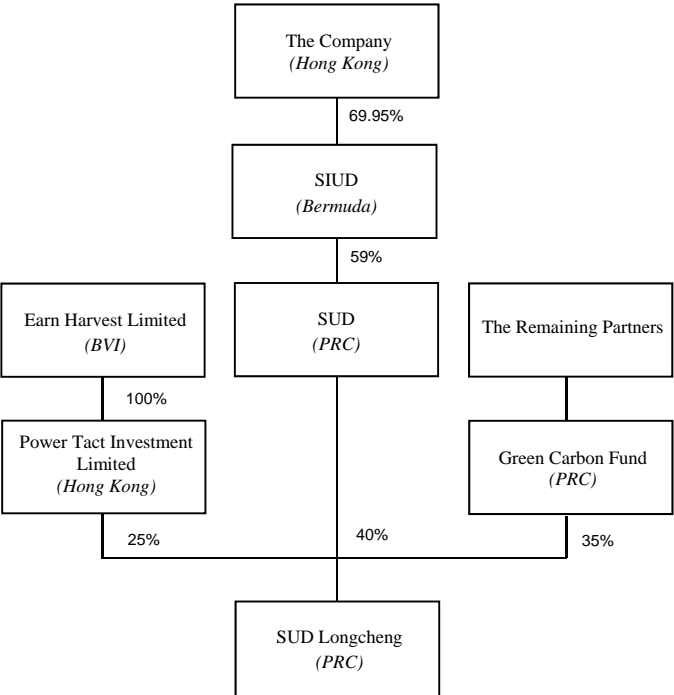
The following diagrams illustrate the simplified structures of Green Carbon Fund and SUD Longcheng before and after Completion:

Before Completion



Prior to Completion, SUD was a limited partner of Green Carbon Fund.

After Completion



Consideration

SUD's interest in Green Carbon Fund is being redeemed for a total amount of RMB1,668,000,000 (equivalent to approximately HKD1,991,880,000) and such amount is payable by Green Carbon Fund in cash according to the following schedule:

- (i) RMB1,098,000,000 (equivalent to approximately HKD1,311,201,000) – within five business days after the signing of the Redemption Agreement
- (ii) RMB300,000,000 (equivalent to approximately HKD358,252,000) – on or before 31 March 2016
- (iii) RMB270,000,000 (equivalent to approximately HKD322,427,000) – on or before 30 June 2016

The terms of the Redemption Agreement including the redemption amount were arrived at after arm's length negotiations between the parties based on normal commercial terms with reference to the financial position of Green Carbon Fund at the time of the Redemption and the value of the "U Center" project.

Completion

Completion of the Redemption took place immediately following the signing of the Redemption Agreement. Following Completion, the Company ceased to consolidate the assets, liabilities and results of Green Carbon Fund into its financial statements. However, SUD Longcheng will continue to be a subsidiary of the Company and the assets, liabilities and results of SUD Longcheng will continue to be consolidated into the financial statements of the Company as the Company continues to be able to exert control over the composition of the board of SUD Longcheng.

DEVELOPMENT OF A PORTION OF THE LAND BY GREEN CARBON FUND

Under the Redemption Agreement, the parties agreed that, subject to compliance with all applicable PRC laws and all applicable governmental approvals having been obtained, Green Carbon Fund will be responsible for the development, including all development costs and expenses, and the management of the Carved-out Site. Green Carbon Fund will be entitled to all income generated from the Carved-out Site (including but not limited to all income from the sale and leasing of properties built on the Carved-out Site). Green Carbon Fund will not be entitled to any income arising from the remaining portion of the Land.

FINANCIAL EFFECTS OF THE REDEMPTION

The audited net profit/(loss) before and after tax and extraordinary items attributable to Green Carbon Fund for each of the two years ended 31 December 2013 and 2014 were as follows. The financial information of Green Carbon Fund was prepared in accordance with the generally accepted accounting principles of the PRC (PRC GAAP):

	Audited net profit/(loss) before taxation and extraordinary items <i>RMB'000</i>	Audited net profit/(loss) after taxation and extraordinary items <i>RMB'000</i>
For the year ended 31 December 2013	9,112	9,112
For the year ended 31 December 2014	(2)	(2)

Subject to the carrying value of Green Carbon Fund at the date of Completion, it is expected that the Group would record an unaudited pre-tax profit of approximately RMB385,000,000 upon Completion of the Redemption.

REASONS FOR AND BENEFITS OF THE REDEMPTION

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

The SIUD Group is a property developer in the PRC and is principally engaged in the businesses of property development, property investment and hotel operations in the PRC. SIUD has been exploring different ways to unlock the true value of some of its projects that are booked at costs in its financial statements. The Redemption presented a good opportunity to realize part of the hidden value of the “U Center” project. Following the Redemption, the SIUD Group continues to hold several large scale investment properties in the surrounding area. The Redemption helped optimise the strategic landscape of the SIUD Group’s investment properties and the sales proceeds from the Redemption would allow the SIUD Group to accelerate the development of its existing projects and to fund acquisition of any new projects that it may identify. The Redemption is purely a strategic deployment of the SIUD Group’s resources and an adjustment of its asset portfolio. The SIUD Group will adhere to its strategy of focusing its business on the Yangtze River Delta region and prosperous cities and increasing its investment in Shanghai in order to solidify its foundation for future development.

The Directors consider that the terms of the Redemption Agreement and the Redemption are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

INFORMATION ON THE DEPARTING GP AND THE REMAINING PARTNERS

The Departing GP is a limited liability company established in the PRC and is mainly engaged in custodial management of equity investment funds, investment and financing management and the relevant consultation services. Following Completion, the Departing GP ceased to be the general partner of Green Carbon Fund.

Each of the Remaining Partners is a limited liability company established in the PRC. Fuzhou Shenda is mainly engaged in financial and information technology services and their outsourcing arrangements, and Shanghai Shengang is mainly engaged in real property development and operation, e-commerce and corporate management consultation.

Pursuant to the Investment Agreement, (i) each of the Remaining Partners became a limited partner of Green Carbon Fund with a committed investment of RMB1,600,000,000 (equivalent to approximately HKD1,910,676,000) and RMB68,000,000 (equivalent to approximately HKD81,204,000), respectively (SUD and the Departing GP were the existing limited partner and the general partner of Green Carbon Fund, respectively); and (ii) the Remaining Partners agreed to invest through Green Carbon Fund in new projects undertaken by Green Carbon Fund but not to participate in any existing projects of Green Carbon Fund. At the relevant time, the only project in which Green Carbon Fund invested was the “U Center” project, which was an existing project as at the date of the Investment Agreement.

Pursuant to the Investment Agreement, it was agreed that the Remaining Partners would not be entitled to any distribution of profits generated or to be generated from the existing projects of Green Carbon Fund and would not be responsible for any liabilities incurred in relation to such existing projects. On this basis, Green Carbon Fund continued to be treated as a wholly owned subsidiary of the Company (up to Completion) despite the admission of new limited partners up to Completion. Following Completion, Green Carbon Fund will be responsible for the development and management of the Carved-out Site. Green Carbon Fund will be entitled to all income generated from the Carved-out Site (including but not limited to all income from the sale and leasing of properties built on the Carved-out Site).

LISTING RULES IMPLICATIONS

The Redemption constitutes a disposal by the Company through SUD of its interest in Green Carbon Fund. Given that one or more of the applicable percentage ratios under Rule 14.07 of the Listing Rules in respect of the Redemption exceed 5% but none of such percentage ratios are 25% or above, the Redemption constitutes a discloseable transaction of the Company, and is subject to the reporting and announcement requirements under Chapter 14 of the Listing Rules.

DEFINITIONS

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

“Board”	the board of Directors
“BVI”	the British Virgin Islands
“Carve-out Site”	a designated portion of the Land with a gross floor area of approximately 49,761 square metres as agreed between SUD and the other parties to the Redemption Agreement
“Company”	Shanghai Industrial Holdings Limited, a company incorporated in Hong Kong with limited liability, the shares of which are listed on the Main Board of the Stock Exchange (stock code: 363)
“Completion”	completion of the Redemption in accordance with the terms of the Redemption Agreement
“connected person”	has the meaning given to it in the Listing Rules
“Departing GP” / “Xishen Fund Management”	喜神（天津）股權投資基金管理有限公司 (Xishen (Tianjin) Equity Investment Fund Management Co., Ltd.*), a limited liability company established in the PRC and the general partner of Green Carbon Fund prior to Completion
“Directors”	the directors of the Company
“Fuzhou Shenda”	福州申達金融服務外包有限公司 (Fuzhou Shenda Finance Services Outsourcing Co., Ltd.*), a limited liability company established in the PRC and a limited partner of Green Carbon Fund prior to and following Completion
“Green Carbon Fund”	城開綠碳（天津）股權投資基金合伙企業（有限合伙） (Urban Development Green Carbon (Tianjin) Equity Investment Fund (Limited Partnership)*), a limited liability partnership established in the PRC, of which SUD was a limited partner prior to Completion
“Group”	the Company and its subsidiaries
“HKD”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	Hong Kong Special Administrative Region of the PRC
“Investment Agreement”	the agreement dated 6 May 2015 entered into between SUD, Green Carbon Fund, the Departing GP and the Remaining Partners in relation to the investment by the Remaining Partners into Green Carbon Fund

“Land”	a plot of land with a site area of approximately 87,327 square metres located in Meilong Town of Minhang District in Shanghai, the PRC, and is being developed by SUD Longcheng as "U Center", and the land use rights of which are held by SUD Longcheng
“Listing Rules”	The Rules Governing the Listing of Securities on the Stock Exchange
“PRC”	the People’s Republic of China and for the purpose of this announcement excludes Hong Kong, the Macau Special Administrative Region and Taiwan
“Redemption”	the redemption of SUD's interest in Green Carbon Fund under the Redemption Agreement
“Redemption Agreement”	the agreement dated 8 January 2016 entered into between SUD, Green Carbon Fund, the Departing GP and the Remaining Partners in relation to the Redemption
“Remaining Partners”	Fuzhou Shenda and Shanghai Shengeng
“RMB”	Renminbi, the lawful currency of the PRC
“Shanghai Shengeng”	上海申庚實業發展有限公司 (Shanghai Shengeng Industrial Development Co., Ltd.*), a limited liability company established in the PRC, a limited partner of Green Carbon Fund prior to Completion and the general partner of Green Carbon Fund immediately following Completion
“Shareholders”	the shareholders of the Company
“SIUD”	Shanghai Industrial Urban Development Group Limited, a company incorporated in Bermuda with limited liability, the shares of which are listed on the Main Board of the Stock Exchange (stock code: 563)
“SIUD Group”	SIUD and its subsidiaries
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“subsidiary”	has the meaning given to it in the Listing Rules
“SUD”	上海城開（集團）有限公司 (Shanghai Urban Development (Holdings) Co., Ltd.*), a company incorporated in the PRC with limited liability owned as to 59% by the SIUD and a limited partner of Green Carbon Fund prior to completion

“SUD Longcheng”

上海城開集團龍城置業有限公司 (Shanghai Urban Development Group Longcheng Properties Co., Ltd.*), a sino-foreign joint venture established in the PRC, and a subsidiary of the Company

For the purposes of this announcement, the exchange rate of HKD1.00 = RMB0.8374 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, 8 January 2016

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*