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(Incorporated in Hong Kong with limited liability)

(Stock Code: 363)

CONTINUING CONNECTED TRANSACTION

LEASE IN RESPECT OF TUEN MUN PROPERTY

THE TUEN MUN LEASE AGREEMENT

The Board is pleased to announce that on 24 April 2017, Nanyang Tobacco, an indirect wholly-owned subsidiary of the Company, entered into the Tuen Mun Lease Agreement with Nanyang Enterprises, pursuant to which Nanyang Enterprises shall, upon the expiry of the Existing Lease Agreement on 30 April 2017, continue to lease the Tuen Mun Property to Nanyang Tobacco for a further term of 20 months from 1 May 2017 to 31 December 2018 (both days inclusive).

LISTING RULES IMPLICATIONS

Nanyang Tobacco is an indirect wholly-owned subsidiary of the Company. SIIC is the controlling shareholder of the Company holding approximately 58.98% of the entire issued capital of the Company, and is therefore a connected person of the Company. Nanyang Enterprises is a wholly-owned subsidiary of SIIC and is therefore an associate of SIIC and a connected person of the Company. Accordingly, the entering into of the Tuen Mun Lease Agreement constitutes a continuing connected transaction of the Company under Chapter 14A of the Listing Rules.

As one or more of the applicable percentage ratios calculated with reference to the annual caps for the Tuen Mun Lease Agreement exceeds 0.1% but is less than 5%, the transaction contemplated under the Tuen Mun Lease Agreement is only subject to the reporting, announcement and annual review requirements, and is exempt from the independent shareholders' approval requirement under Chapter 14A of the Listing Rules.

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The principal terms of the Tuen Mun Lease Agreement are summarised below.

THE TUEN MUN LEASE AGREEMENT

Date

24 April 2017

Parties

- (a) Nanyang Tobacco, an indirect wholly-owned subsidiary of the Company, as tenant
- (b) Nanyang Enterprises, a wholly-owned subsidiary of SIIC, as landlord

Description of the Tuen Mun Property, Term and Monthly Rental

The Tuen Mun Property is situated at No. 9 Tsing Yeung Circuit, Tuen Mun, New Territories, Hong Kong. The Tuen Mun Property is a 16-storey property with a total gross floor area of approximately 423,244 square feet. It is currently used by Nanyang Tobacco as office premises and factory purpose.

The term of the Tuen Mun Lease Agreement is 20 months commencing from 1 May 2017 and expiring on 31 December 2018 (both days inclusive).

The monthly rental (exclusive of rates, management fee and other outgoings) under the Tuen Mun Lease Agreement is HK\$2,750,000.

The rental payable under the Tuen Mun Lease Agreement was determined by the parties to the agreements on arm's length basis with reference to the current rental paid to Nanyang Enterprises for the Tuen Mun Property pursuant to the Existing Lease Agreement and the market rent of Tuen Mun Property appraised by an independent valuer.

ANNUAL CAPS

The annual caps, which represent the rental payable by Nanyang Tobacco to Nanyang Enterprises under the Tuen Mun Lease Agreement, for the period from 1 May 2017 to 31 December 2017 and the financial year ending 31 December 2018 will be approximately HK\$22,000,000 and HK\$33,000,000, respectively.

The historical amounts paid by Nanyang Tobacco to Nanyang Enterprises in respect of the lease of the Tuen Mun Property under the Existing Lease Agreement for the years ended 31 December 2014, 2015 and 2016 and the period from 1 January 2017 to 30 April 2017 were approximately HK\$26,640,000, HK\$29,760,000, HK\$29,760,000 and HK\$9,920,000, respectively.

The annual caps were determined with reference to (a) historical amounts paid by Nanyang Tobacco to Nanyang Enterprises and (b) the rental stipulated in the Tuen Mun Lease Agreement.

REASONS FOR AND BENEFITS OF THE TRANSACTION

Since 1997, Nanyang Tobacco has been leasing the Tuen Mun Property (or part thereof) from Nanyang Enterprises for use as office premises and factory purposes through the Existing Lease Agreement and will continue the lease after the expiry of the Existing Lease Agreement through the Tuen Mun Lease Agreement. The above property is rented as to the practical business needs of the Group. By entering into of the Tuen Mun Lease Agreement to renew the lease, Nanyang Tobacco can avoid incurring removal fees, renovation fees and all other incidental cost and expenses for moving into new premises.

The Directors (including the independent non-executive Directors) consider that the terms of the Tuen Mun Lease Agreement (including the annual caps thereunder) are on normal commercial terms and in the ordinary and usual course of business of the Group, fair and reasonable and in the interests of the shareholders of the Company as a whole. None of the Directors have a material interest in the Tuen Mun Lease Agreement and accordingly no Director has been required to abstain from voting on the relevant resolutions of the Board for approving the Tuen Mun Lease Agreement.

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As one or more of the applicable percentage ratios calculated with reference to the annual caps for the Tuen Mun Lease Agreement exceeds 0.1% but is less than 5%, the transaction contemplated under the Tuen Mun Lease Agreement is only subject to the reporting, announcement and annual review requirements, and is exempt from the independent shareholders' approval requirement under Chapter 14A of the Listing Rules.

GENERAL INFORMATION

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

Nanyang Tobacco is an indirect wholly-owned subsidiary of the Company and its principal business activity is the manufacture and sale of cigarettes.

Nanyang Enterprises is a wholly-owned subsidiary of SIIC and its principal business activity is investment properties holding.

DEFINITIONS

Unless the context otherwise requires, the following terms shall have the meanings set out below:

“associate”	has the meaning ascribed to it under the Listing Rules
“Board”	the board of Directors
“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
“connected person(s)”	has the meaning ascribed to it under the Listing Rules
“Director(s)”	the directors of the Company
“Existing Lease Agreement”	the lease agreement dated 8 May 1997 entered into between Nanyang Tobacco (as tenant) and Nanyang Enterprises (as landlord) in relation to the lease of the Tuen Mun Property from 1 July 1997 to 30 April 2017
“Group”	the Company and its subsidiaries
“Hong Kong”	Hong Kong Special Administrative Region of the PRC
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Nanyang Enterprises”	Nanyang Enterprises Properties Limited, a company incorporated in Hong Kong with limited liability and a wholly-owned subsidiary of SIIC
“Nanyang Tobacco”	Nanyang Brothers Tobacco Company, Limited, a company incorporated in Hong Kong with limited liability and an indirect wholly-owned subsidiary of the Company
“PRC”	the People’s Republic of China, and for the purpose of this announcement only excludes Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan

“SIIC”	Shanghai Industrial Investment (Holdings) Company Limited, a company incorporated in Hong Kong with limited liability and the controlling shareholder of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“subsidiary(ies)”	has the meaning ascribed to it under the Listing Rules
“Tuen Mun Lease Agreement”	the lease agreement dated 24 April 2017 entered into between Nanyang Tobacco (as tenant) and Nanyang Enterprises (as landlord) in relation to the lease of the Tuen Mun Property for a further term of 20 months from 1 May 2017 to 31 December 2018
“Tuen Mun Property”	the entire Property situated at No. 9 Tsing Yeung Circuit, Tuen Mun, New Territories, Hong Kong

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

Hong Kong, 24 April 2017

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

Executive Directors:

Mr. Wang Wei, Mr. Zhou Jun, Mr. Xu Bo and Mr. Xu Zhan

Independent Non-Executive Directors:

Prof. Woo Chia-Wei, Mr. Leung Pak To, Francis, Mr. Cheng Hoi Chuen, Vincent and Mr. Yuen Tin Fan, Francis