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(incorporated in Hong Kong with limited liability)
(Stock Code: 363)

CONNECTED TRANSACTION

ACQUISITIONS OF INTERESTS IN AN ASSET MANAGEMENT COMPANY AND A PROPERTY

THE ACQUISITIONS

The Board is pleased to announce that:

- (a) on 8 December 2017, Shanghai Investment, a wholly-owned subsidiary of SI Development (a non-wholly owned subsidiary of the Company listed on the Shanghai Stock Exchange), entered into the SSCAM Equity Transfer Agreement with Seller A (a wholly-owned subsidiary of SIIC), pursuant to which Seller A has agreed to sell and Shanghai Investment has agreed to acquire the SSCAM Equity Interest, representing 80% equity interest in SSCAM; and
- (b) on 13 December 2017, Shaoxing SIC Property, a subsidiary of SI Development, entered into the Property Interest Acquisition Agreement with Seller B (a wholly-owned subsidiary of SIIC), pursuant to which Seller B has agreed to sell and Shaoxing SIC Property has agreed to acquire the property interest and the related interest in the E1B Project Site, including the land use right of the E1B Project Site and the building erected thereon known as 華城大廈 (Hua Cheng Mansion*).

LISTING RULES IMPLICATIONS

As both Seller A and Seller B are associates of SIIC, a substantial shareholder of the Company, Seller A and Seller B are connected persons of the Company. As all applicable percentage ratios calculated under Chapter 14A of the Listing Rules in respect of the SSCAM Acquisition are less than 0.1%, the SSCAM Acquisition constitutes a connected transaction which is fully exempt from the reporting, announcement, circular (including independent financial advice) and independent

shareholders' approval requirements under Chapter 14A of the Listing Rules. However, certain applicable percentage ratios calculated under Chapter 14A of the Listing Rules in respect of the Acquisitions on an aggregate basis are more than 0.1% but less than 5%, the Acquisitions collectively constitute a connected transaction of the Company, which is subject to the reporting and announcement requirements but is exempt from the circular (including independent financial advice) and independent shareholders' approval requirement under Chapter 14A of the Listing Rules.

THE ACQUISITIONS

The Board is pleased to announce that (a) on 8 December 2017, Shanghai Investment, a wholly-owned subsidiary of SI Development (a non-wholly owned subsidiary of the Company listed on the Shanghai Stock Exchange), entered into the Equity Transfer Agreement with Seller A (a wholly-owned subsidiary of SIIC) in respect of the SSCAM Acquisition; and (b) on 13 December 2017, Shaoxing SIC Property, a subsidiary of SI Development, entered into the Property Interest Acquisition Agreement with Seller B (a wholly-owned subsidiary of SIIC) in respect of the Property Interest Acquisition.

THE TRANSFER AGREEMENTS

I. THE SSCAM EQUITY TRANSFER AGREEMENT

Date

8 December 2017

Parties

- (1) Shanghai Investment, a wholly-owned subsidiary of SI Development (a non-wholly owned subsidiary of the Company), as purchaser; and
- (2) Seller A, a wholly-owned subsidiary of SIIC, as vendor.

Asset being acquired

The asset being acquired under the SSCAM Acquisition is the SSCAM Equity Interest, representing 80% equity interest in SSCAM.

SSCAM is established in the PRC, whose principal business is investment and financing cooperation, commercial office and composite planning and analysis, property management and intelligence operation. As at the date of this announcement, it is owned as to 80% by Seller A and 20% by Shanghai Chuangqian.

Consideration and payment terms

The consideration for the SSCAM Acquisition is RMB13,720,000, which shall be paid by Shanghai Investment to Seller A in cash within 10 Business Days upon the signing of the SSCAM Equity Transfer Agreement.

The consideration for the SSCAM Acquisition was determined after arm's length negotiations between Shanghai Investment and Seller A with reference to the valuation of the market value of the entire shareholders' equity interest in SSCAM which is estimated to be RMB17,150,000 as at 30 June 2017, as appraised by the Independent Valuer adopting the income approach. The valuation represents the sum of the value of operating assets and the value of non-operating assets of SSCAM determined under the income approach. The valuation is derived from the value of the discounted future estimated cash flows of SSCAM of approximately RMB7,410,000 and the net book value of its non-operating items of approximately RMB9,740,000 as at 30 June 2017.

Completion

Completion of the SSCAM Acquisition will take place within 10 Business Days upon the signing of the SSCAM Equity Transfer Agreement. Following completion of the SSCAM Acquisition, SSCAM will become a subsidiary of Shanghai Investment.

II. THE PROPERTY INTEREST ACQUISITION AGREEMENT

Date

13 December 2017

Parties

- (1) Shaoxing SIC Property, a subsidiary of SI Development, as purchaser; and
- (2) Seller B, a wholly-owned subsidiary of SIIC, as vendor.

Asset being acquired

The asset being acquired under the Property Interest Acquisition is the Property Interest, i.e. the property interest and the related interest in the E1B Project Site, including the land use right of the E1B Project Site and the building erected thereon known as 華城大廈 (Hua Cheng Mansion*).

The E1B Project Site is located at the Pao Jiang Industrial Zone, Shaoxing City, Zhejiang Province. Hua Cheng Mansion has a site area of 13,110 square metres and a total gross floor area of 33,211.44 square metres, of which 21,272.20 square metres are for office premises and 4,524.92 square metres are for commercial use. Hua Cheng Mansion is for office premises and commercial use, with the land use right for such purposes expiring on 4 December 2044. The inspection approval for the completion of the construction works has been obtained for Hua Cheng Mansion.

Consideration and payment terms

The consideration for the Property Interest Acquisition is RMB187,000,000.

The consideration for the Property Interest Acquisition is payable by Shaoxing SIC Property to Seller B according to the following schedule:

- (i) upon the signing of the Property Interest Acquisition Agreement, part of the consideration for the Property Interest Acquisition in the sum of RMB24,816,000 shall be set off against the outstanding construction fee of RMB24,816,000 due from Seller B to Shaoxing SIC Property; and
- (ii) within 5 Business Days upon the signing of the Property Interest Acquisition Agreement, the balance of the consideration in the sum of RMB162,184,000 for the Property Interest Acquisition shall be paid in cash.

The consideration for the Property Interest Acquisition was determined after arm's length negotiations between Shaoxing SIC Property and Seller B with reference to (i) the valuation of Hua Cheng Mansion and the land use right underlying it, which is estimated to be RMB187,000,000 (exclusive of taxation) as at 31 August 2017, as appraised by an independent valuer adopting the market comparison approach; and (ii) the related construction expenses.

Completion

Completion of the Property Interest Acquisition will take place on the date at which the relevant PRC property registration authority approves the transfer under the Property Interest Acquisition Agreement.

FINANCIAL INFORMATION ON SSCAM AND THE PROPERTY INTEREST

The original acquisition cost of the SSCAM Equity Interest to Seller A was RMB8,000,000, representing the registered capital in SSCAM contributed by Seller A.

The audited consolidated net assets of SSCAM as at 30 June 2017 was approximately RMB14,694,000.

Set out below is a summary of the audited financial information of SSCAM for the years ended 31 December 2015 and 2016, and for the six months ended 30 June 2017:

	For the year ended 31 December		For the six months ended
	2015	2016	30 June 2017
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Net profit before taxation and extraordinary items	3,381	1,264	1,642
Net profit after taxation and extraordinary items	2,524	938	1,232

The original cost incurred by Seller B for the acquisition of the Property Interest include a land transfer fee and early development costs in an aggregate sum of RMB22,281,200. For the avoidance of doubt, such original cost does not include the subsequent development costs of E1B Project Site. Please also refer to the valuation of the Property Interest as set out in this section headed “FINANCIAL INFORMATION ON SSCAM AND THE PROPERTY INTEREST” of this announcement below.

The valuation of the Hua Cheng Mansion and the land use right underlying it as of 31 August 2017 was RMB187,000,000 (exclusive of taxation), as appraised by an independent valuer adopting the market comparison approach.

INFORMATION ON THE COMPANY, SHANGHAI INVESTMENT AND SHAOXING SIC PROPERTY

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

Shanghai Investment is principally engaged in investment and investment management, industrial investment, high-tech industrial investment, asset management, asset operation, business management consulting and investment consulting. It is a wholly-owned subsidiary of SI Development which is a non-wholly owned subsidiary of the Company.

Shaoxing SIC Property is principally engaged in the business of real estate development and operation, wholesale and retail of construction and renovation materials (excluding hazardous chemicals). It is a subsidiary of SI Development.

INFORMATION ON SELLER A AND SELLER B

Seller A is a company established in the PRC, whose principal business is asset management, equity investment and management, investment and investment management. Seller A is wholly owned by SIIC which is a substantial shareholder of the Company.

Seller B is a company established in the PRC. It is principally engaged in investment and investment management, complex development for commercial properties, property sale, rental, consulting and management, early construction works, sale of construction materials and facilities, and greening services. Seller B is a wholly-owned subsidiary of SIIC.

REASONS FOR AND BENEFITS OF THE ACQUISITIONS

The Acquisitions, being in line with the development strategies of the Group, enable centralization of resources and optimization of resources allocation, thereby strengthening the business of SI Development and enhancing the quality of property management. It is expected that SI Development will enhance its profit-making ability by further developing its service platform relating to the provision of intelligent application solutions in properties.

Besides, Shaoxing SIC Property (i.e. the purchaser for the Property Interest Acquisition) and Shanghai Jianxia entered into a property development agreement (as amended and supplemented by a supplemental agreement) in January 2012, pursuant to which Shaoxing SIC Property was engaged by Shanghai Jianxia for holding and developing the E1B Project Site on its behalf. Subsequently, all rights and obligations of Shanghai Jianxia under such property development agreement were assigned to Seller B, and Shaoxing SIC Property continued to hold and develop the E1B Project Site on behalf of Seller B. As the development project of the E1B Project Site was completed in August 2017, SI Development would like to take the opportunity to acquire the Property Interest from Seller B in order to further strengthen its real estate business and increase its rental income, thereby benefiting the Group and enabling the Group to enjoy potential capital appreciation in the future.

The Directors (including the independent non-executive Directors) are of the view that the terms of the Acquisitions are on normal commercial terms, which are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

LISTING RULES IMPLICATIONS

As both Seller A and Seller B are associates of SIIC, a substantial shareholder of the Company, Seller A and Seller B are connected persons of the Company. As all applicable percentage ratios calculated under Chapter 14A of the Listing Rules in respect of the SSCAM Acquisition are less than 0.1%, the SSCAM Acquisition constitutes a connected transaction which is fully exempt from the reporting, announcement, circular (including independent financial advice) and independent shareholders' approval requirements under Chapter 14A of the Listing Rules. However, certain applicable percentage ratios calculated under Chapter 14A of the Listing Rules in respect of the Acquisitions on an aggregate basis are more than 0.1% but less than 5%, the Acquisitions collectively constitute a connected transaction of the Company, which is subject to the reporting and announcement requirements but is exempt from the circular (including independent financial advice) and independent shareholders' approval requirement under Chapter 14A of the Listing Rules.

None of the Directors has any material interest in the Transfer Agreements nor was any of them required to abstain from voting on the resolutions which have been passed by the Board approving the Transfer Agreements. However, Mr. Wang Wei, Mr. Zhou Jun and Mr. Xu Bo who are also directors of SIIC, have voluntarily abstained from voting on the Board resolution for approving the Acquisitions.

PROFIT FORECAST REQUIREMENT UNDER THE LISTING RULES

The Independent Valuer was jointly commissioned by Shanghai Investment and Seller A to conduct a valuation on the market value of the entire shareholders' equity interest in SSCAM, which forms one of the basis for determining the consideration for the SSCAM Acquisition.

The market value of the entire shareholders' equity interest in SSCAM which is estimated to be RMB17,150,000 as at 30 June 2017, as appraised by the Independent Valuer adopting the income approach. The valuation represents the sum of the value of operating assets and the value of non-operating assets of SSCAM determined under the income approach. The valuation is derived from the value of the discounted future estimated cash flows of SSCAM of approximately RMB7,41,000 and the net book value of its non-operating items of approximately RMB9,740,000 as at 30 June 2017.

Accordingly, the Valuation Report on the market value of the entire shareholders' equity interest in SSCAM prepared by the Independent Valuer 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:

- the prevailing market values of the assets are based on the valid values in the PRC as at the date of valuation;
- there will be no material changes in the prevailing applicable laws, regulations, policies and macro-economic conditions in the PRC;
- there will be no material changes in the current political, economic and social conditions;
- there will be no unforeseeable or force majeure events which will cause any material adverse effect;
- Businesses will continue on a going-concern basis;
- Business operators are responsible persons and the management is competent in discharging its duties;

- unless otherwise specified, all applicable laws and regulations are fully complied with;
- the accounting policy to be adopted in future will be consistent with the accounting policy adopted in compiling the Valuation Report in all material aspects;
- based on the current management approach and level, the business scope and approach will be consistent with the current ones;
- interest rates, exchange rates and tax rates will remain unchanged from the rates prevailing at the date of valuation, or any changes will not affect the conclusion of the valuation;
- factors concerning inflation, force majeure and unforeseeable events are not taken into account in making the forecast;
- normal revenue will be generated under normal business conditions and abnormal business conditions are not taken into account;
- there will be no abnormal loss arising from any natural disaster (including war);
- revenue and costs will be evenly generated throughout the forecast periods; the first forecast period is from 1 July to 31 December 2017, the second forecast period is from 1 January to 31 December 2018 and so on;
- forecast is only made to income, costs and fees for five years from 2018 to 2022 and the revenue for each year starting from the sixth year will remain on the same level as that of the fifth year;
- sources of revenue and credit policy will remain unchanged and no major difficulty will be encountered in the recovery of money;
- the transfer of shareholding will not bring any changes to business conditions and profit-making ability;
- all profits generated during the profit forecast period will be entirely distributed;
- regarding the Changning 88 Project, the management will meet the target office occupancy rate so that the related asset management service contract and agreement will remain valid and there will be renewal upon expiry;
- the profit forecast was made on the basis formulated by the management and the Independent Valuer relied on the data and information provided by the management in arriving its opinion on the valuation; and
- SSCAM will keep at least one month's minimal cash balance for its operating use.

Confirmations

Deloitte Touche Tohmatsu, acting as the Company's auditor, has examined the calculations of the discounted future estimated cash flows on which the Valuation Report was based.

Deloitte Touche Tohmatsu 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 the market value of the entire shareholders' equity interest in SSCAM 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 Touche Tohmatsu did not include any assessment of the reasonableness or validity of the assumptions.

The Directors confirm that the valuation of the market value of the entire shareholders' equity interest in SSCAM has been made after due and careful enquiry.

A report from Deloitte Touche Tohmatsu dated 13 December 2017 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:

Name	Qualification
上海申威資產評估有限公司 (Shanghai Shenwei Asset Valuation Company Limited*)	Independent Valuer
Deloitte Touche Tohmatsu	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 Touche Tohmatsu 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 Touche Tohmatsu 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 Touche Tohmatsu 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.

DEFINITIONS

Unless otherwise stated, the following expressions have the following meanings in this announcement:

“Acquisitions”	collectively, the SSCAM Acquisition and the Property Interest Acquisition
“associate(s)”, “connected person(s)”, “subsidiary(ies)” and “substantial shareholder(s)”	each has the meaning ascribed to it the Listing Rules
“Board”	the board of directors of the Company
“Business Day”	a day (other than a Saturday or Sunday) on which banks are open in Hong Kong and the PRC to the general public for business
“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 Hong Kong Stock Exchange
“Director(s)”	the director(s) of the Company
“E1B Project Site”	the project site is located at the Pao Jiang Industrial Zone, Shaoxing City, Zhejiang Province
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Hong Kong Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Independent Valuer”	上海申威資產評估有限公司(Shanghai Shenwei Asset Valuation Company Limited*), an independent professional valuer jointly commissioned by Shanghai Investment and Seller A for the purpose of issuing the Valuation Report
“Listing Rules”	the Rules Governing the Listing of Securities on the Hong Kong Stock Exchange

“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
“Property Interest”	the property interest and the related interest in the E1B Project Site, including the land use right of the E1B Project Site and the building erected thereon known as 華城大廈 (Hua Cheng Mansion*)
“Property Interest Acquisition”	the acquisition of the Property Interest under the Property Interest Acquisition Agreement
“Property Interest Acquisition Agreement”	the sale and purchase agreement entered into between Shaoxing SIC Property and Seller B on 13 December 2017 in relation to the Property Interest Acquisition
“RMB”	Renminbi, the lawful currency of the PRC
“Seller A”	上海上投資本管理有限公司 (Shanghai Shangtou Capital Management Co., Ltd.*), a company established in the PRC and a wholly-owned subsidiary of SIIC as at the date of this announcement
“Seller B”	上海市上投房地產投資有限公司 (Shanghai City Shangtou Real Estate Investment Co., Ltd.*), a company established in the PRC and a wholly-owned subsidiary of SIIC as at the date of this announcement
“Shanghai Chuangqian”	上海創乾投資諮詢合伙企業(有限合伙) (Shanghai Chuangqian Investment Consulting Partnership (Limited Partnership)*), a company established in the PRC, which holds 20% equity interest in SSCAM as at the date of this announcement
“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 SI Development as at the date of this announcement
“Shanghai Jianxia”	上海建廈投資發展有限公司 (Shanghai Jianxia Investment and Development Co., Ltd.*), a company established in the PRC
“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, which is held as to 96.42% by SI Development and 3.58% by Shanghai Jianxia as at the date of this announcement

“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 as at the date of this announcement
“SIIC”	Shanghai Industrial Investment (Holdings) Company Limited, a company incorporated in Hong Kong with limited liability and the controlling shareholder of the Company
“SSCAM”	上海上投商業資產管理有限公司(Shanghai Shangtou Commercial Asset Management Co., Ltd.*), a company established in the PRC, which is held as to 80% by the Seller A and 20% by Shanghai Chuangqian as at the date of this announcement
“SSCAM Acquisition”	the acquisition of the SSCAM Equity Interest under the SSCAM Equity Transfer Agreement
“SSCAM Equity Interest”	80% equity interest in SSCAM
“SSCAM Equity Transfer Agreement”	the equity transfer contract entered into between Shanghai Investment and the Seller A on 8 December 2017 in relation to the SSCAM Acquisition
“Transfer Agreements”	collectively, the SSCAM Equity Transfer Agreement and the Property Interest Acquisition Agreement
“Valuation Report”	the valuation report dated 25 September 2017 on the market value of the entire shareholders’ equity interest in SSCAM prepared by the Independent Valuer as at 30 June 2017
“%”	per cent

** For identification purposes only*

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

Hong Kong, 13 December 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

APPENDIX I – REPORT FROM THE COMPANY’S AUDITOR

INDEPENDENT ASSURANCE REPORT ON CALCULATIONS OF THE DISCOUNTED FUTURE ESTIMATED CASH FLOWS IN CONNECTION WITH THE VALUATION OF EQUITY INTEREST IN 上海上投商業資產管理有限公司

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 上海申威資產評估有限公司 dated 25 September 2017, in respect of the equity interest in 上海上投商業資產管理有限公司 (Shanghai Shangtau Commercial Asset Management Co., Ltd) (“**SSCAM**”) as at 30 June 2017 (the “**Valuation**”) is based. SSCAM is a company established in the People's Republic of China and is principally engaged in investment and financing cooperation, commercial office and composite planning and analysis, property management and intelligence operation. 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 13 December 2017 issued by Shanghai Industrial Holdings Limited (the “**Company**”) in connection with the acquisition of 80% equity interest in SSCAM, by 上海上投控股有限公司, an indirect non-wholly owned subsidiary of the Company (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.

Our Independence and Quality Control

We have complied with the independence and other ethical requirements of the “Code of Ethics for Professional Accountants” issued by the Hong Kong Institute of Certified Public Accountants (the “**HKICPA**”), which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behavior.

Our firm applies Hong Kong Standard on Quality Control 1 “Quality Control for Firms that Perform Audits and Reviews of Financial Statements, and Other Assurance and Related Services Engagements” issued by the HKICPA and accordingly maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Reporting Accountants' Responsibility

Our responsibility is to express 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 (Revised) "Assurance Engagements Other Than Audits or Reviews of Historical Financial Information" issued by the HKICPA. 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 was limited primarily to making inquiries of the Company's management, considering the analyses and assumptions on which the discounted future estimated cash flows are based and checking the arithmetic accuracy of the compilation of the discounted future estimated cash flows. Our work does not constitute any valuation of SSCAM.

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

13 December 2017

APPENDIX II – LETTER FROM THE BOARD

13 December 2017

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 – Acquisitions of interests in an asset management company and a property

We refer to the announcement of Shanghai Industrial Holdings Limited (the “**Company**”) dated 13 December 2017 in relation to the acquisitions of interests in an asset management company and a property (the “**Announcement**”). Unless the context otherwise requires, terms defined in the Announcement shall have the same meanings when used herein.

We have reviewed and discussed the Valuation Report, which forms one of the basis for determining the consideration for the SSCAM Acquisition. We note that the methodology applied in deriving the valuation of the market value of the entire shareholders’ equity interest in SSCAM 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 (Revised) “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 valuation of the market value of the entire shareholders’ equity interest in SSCAM 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
Xu Zhan
Executive Director