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(incorporated in Hong Kong with limited liability)

(Stock Code: 363)

DISCLOSEABLE TRANSACTION

ACQUISITIONS OF EQUITY INTEREST IN SHANGHAI INDUSTRIAL INVESTMENT (QUANZHOU) CO., LTD. BY SHANGHAI INDUSTRIAL DEVELOPMENT CO., LTD.

THE ACQUISITION I

The Board is pleased to announce that on 19 November 2018, SI Development (a non-wholly owned subsidiary of the Company that is listed on the Shanghai Stock Exchange) and Feili Fujian entered into the Equity Transfer Agreement I, pursuant to which SI Development agreed to purchase, and Feili Fujian agreed to sell, 49% equity interest in SID Quanzhou (i.e. the Sale Interest I) at a consideration of RMB978,180,000.

SID Quanzhou is a property development company established to own and develop some pieces of land located in Donghai, Quanzhou, the PRC to be a large urban integrated community comprising commercial and residential buildings, hotels and ancillary facilities. At the date of this announcement, it is owned as to 51% by SI Development and 49% by Feili Fujian. After completion of the Acquisition I, SI Development will directly hold 100% of the equity interest in SID Quanzhou.

THE ACQUISITION II

The Board further announces that on 13 December 2017, SI Development and Tianjin Yongjia (an independent third party) entered into the Equity Transfer Agreement II, pursuant to which SI Development agreed to purchase, and Tianjin Yongjia agreed to sell, 2% equity interest in SID Quanzhou (i.e. the Sale Interest II) at a consideration of RMB18,800,000.

LISTING RULES IMPLICATIONS

As one or more of the applicable percentage ratios calculated under Rule 14.07 of the Listing Rules in respect of the Acquisition I exceed 5% but none of them exceed 25%, the Acquisition I is a discloseable transaction under Chapter 14 of the Listing Rules and is subject to the reporting and announcement requirements but is exempt from the shareholders' approval requirement.

SID Quanzhou is an insignificant subsidiary of the Company. As at the date of this announcement, Feili Fujian holds 49% equity interest in SID Quanzhou (i.e. the Sale Interest I) and is a substantial shareholder of an insignificant subsidiary of the Company. Notwithstanding Feili Fujian's interest in SID Quanzhou, it and its ultimate beneficial owner(s) are not regarded as connected persons of the Company pursuant to rule 14A.09 of the Listing Rules. Therefore, the Acquisition I does not constitute a connected transaction of the Company under Chapter 14A of the Listing Rules.

As all the applicable percentage ratios calculated under Rule 14.07 of the Listing Rules in respect of the Acquisition II are less than 5%, the Acquisition II is fully exempt from the reporting, disclosure and shareholders' approval requirements under the Listing Rules at the time of signing of the Equity Transfer Agreement II.

In addition, as the Acquisition I and the Acquisition II are of the same nature involving the acquisition of equity interest in SID Quanzhou and have been entered into by the Group within a 12-month period, the transactions contemplated under the Equity Transfer Agreement I and the Equity Transfer Agreement II shall be aggregated as if they were one transaction pursuant to Rule 14.23 of the Listing Rules.

As one or more of the applicable percentage ratios calculated under Rule 14.07 of the Listing Rules in respect of the Acquisition I and the Acquisition II, when aggregated, exceed 5% but none of them exceed 25%, the Acquisitions are also only subject to the reporting and announcement requirements but are exempt from the shareholders' approval requirement.

INTRODUCTION

The Board is pleased to announce that on 19 November 2018, SI Development and Feili Fujian entered into the Equity Transfer Agreement I, pursuant to which SI Development agreed to purchase, and Feili Fujian agreed to sell, 49% equity interest in SID Quanzhou (i.e. the Sale Interest I) at a consideration of RMB978,180,000.

The Board further announces that on 13 December 2017, SI Development and Tianjin Yongjia entered into the Equity Transfer Agreement II, pursuant to which SI Development agreed to purchase, and Tianjin Yongjia agreed to sell, 2% equity interest in SID Quanzhou (i.e. the Sale Interest II) at a consideration of RMB18,800,000.

THE EQUITY TRANSFER AGREEMENT I

Date

19 November 2018

Parties

- (i) Feili Fujian, as seller
- (ii) SI Development, a non-wholly owned subsidiary of the Company, as purchaser

Asset being acquired

The Sale Interest I, being 49% equity interest in SID Quanzhou held by Feili Fujian.

Consideration

The consideration payable by SI Development for the Sale Interest I is RMB978,180,000, which shall be paid to Feili Fujian in cash in the following manner:

- (i) the first instalment of RMB600,000,000 shall be payable within 3 business days from the date on which the Equity Transfer Agreement I takes effect; and
- (ii) the second instalment of RMB378,180,000 shall be payable within 10 business days from the date on which the Equity Transfer Agreement I takes effect.

The consideration was reached based on arm's length negotiation between SI Development and Feili Fujian with reference to the audited financial statements of SID Quanzhou and the asset appraisal report on the valuation of the entire shareholders' equity interest in SID Quanzhou based on the asset-based approach prepared by an independent valuer. It will be funded by internal resources of SI Development.

Completion

The Equity Transfer Agreement I will take effect after the related documents have been duly filed with the State-owned Assets Supervision and Administration Commission of the State Council and SI Development has obtained approval from its shareholders.

The parties to the Equity Transfer Agreement I will, within 30 days after payment of the consideration by SI Development, procure SID Quanzhou to (i) make the necessary amendments to SID Quanzhou's articles of association reflecting the change in SI Development's shareholding, (ii) issue to SI Development the capital contribution certificate, (iii) update the register of members of SID Quanzhou, and (iv) complete the business registration with respect to the transfer of the Sale Interest I. The Acquisition I will complete upon the completion of business registration procedures

for the transfer of Sale Interest I. After completion of the Acquisition I, SI Development will directly hold 100% of the equity interest in SID Quanzhou.

THE EQUITY TRANSFER AGREEMENT II

Date

13 December 2017

Parties

- (i) Tianjin Yongjia, as seller
- (ii) SI Development, as purchaser

To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, each of Tianjin Yongjia and its ultimate beneficial owner(s) are third parties independent of the Company and its connected persons.

Asset being acquired

The Sale Interest II, being 2% equity interest in SID Quanzhou held by Tianjin Yongjia at the time of signing of the Equity Transfer Agreement II.

Consideration

The consideration of RMB18,800,000 for the Sale Interest II was paid in cash by SI Development to Tianjin Yongjia in December 2017. It was reached based on arm's length negotiation between SI Development and Tianjin Yongjia with reference to the audited financial statements of SID Quanzhou and the asset appraisal report on the valuation of the entire shareholders' equity interest in SID Quanzhou based on the asset-based approach prepared by an independent valuer. It was funded by internal resources of SI Development.

Completion

The completion of the Acquisition II was taken place in December 2017, being the date on which the business registration procedures for the transfer of Sale Interest II was completed.

INFORMATION ON SID QUANZHOU

SID Quanzhou is a property development company, principally engaged in the development of the Sea Palace project in Donghai, Quanzhou, the PRC into a large urban integrated community, comprising commercial and residential buildings, hotels and ancillary facilities. At the date of this announcement, it is owned as to 51% by SI Development and 49% by Feili Fujian.

At the date of this announcement, SID Quanzhou owns three pieces of land in Donghai, Quanzhou, the PRC with a total site area of approximately 170,100 square metres, the construction work has been completed on one of them but has not yet completed on the other two.

As of 30 April 2018, the audited net asset value of SID Quanzhou was approximately RMB562,065,000 and the appraised net asset value of SID Quanzhou, as determined by an independent valuer, was approximately RMB1,996,304,000.

Set out below is a summary of the audited financial information of SID Quanzhou for the years ended 31 December 2016 and 2017, and for the four months ended 30 April 2018:

	For the year ended 31 December		For the four months ended
	2016	2017	30 April 2018
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Net profit/loss before taxation and extraordinary items	(23,800)	517,603	(19,534)
Net profit/loss after taxation and extraordinary items	(23,800)	399,170	(19,534)

REASONS FOR AND BENEFITS OF THE ACQUISITIONS

The Group believes that the Acquisitions are in line with the Group's investment strategy. Meanwhile, the Sea Palace project located at Donghai, Quanzhou will be launched into market successively in the next few years. It is expected that upon obtaining the entire ownership of the project, it will help SI Development further expedite the project development process, thus increasing the overall economic benefits of the project.

The Board believes that the terms of the Equity Transfer Agreement I and the Equity Transfer Agreement II are fair and reasonable and in the interests of the Company and its shareholders as a whole.

LISTING RULES IMPLICATIONS

As one or more of the applicable percentage ratios calculated under Rule 14.07 of the Listing Rules in respect of the Acquisition I exceed 5% but none of them exceed 25%, the Acquisition I is a discloseable transaction under Chapter 14 of the Listing Rules and is subject to the reporting and announcement requirements but is exempt from the shareholders' approval requirement.

SID Quanzhou is an insignificant subsidiary of the Company. As at the date of this announcement, Feili Fujian holds 49% equity interest in SID Quanzhou (i.e. the Sale Interest I) and is a substantial shareholder of an insignificant subsidiary of the Company. Notwithstanding Feili Fujian's interest in SID Quanzhou, it and its ultimate beneficial owner(s) are not regarded as connected persons of

the Company pursuant to rule 14A.09 of the Listing Rules. Therefore, the Acquisition I does not constitute a connected transaction of the Company under Chapter 14A of the Listing Rules.

As all the applicable percentage ratios calculated under Rule 14.07 of the Listing Rules in respect of the Acquisition II are less than 5%, the Acquisition II is fully exempt from the reporting, disclosure and shareholders' approval requirements under the Listing Rules at the time of signing of the Equity Transfer Agreement II.

In addition, as the Acquisition I and the Acquisition II are of the same nature involving the acquisition of equity interest in SID Quanzhou and have been entered into by the Group within a 12-month period, the transactions contemplated under the Equity Transfer Agreement I and the Equity Transfer Agreement II shall be aggregated as if they were one transaction pursuant to Rule 14.23 of the Listing Rules.

As one or more of the applicable percentage ratios calculated under Rule 14.07 of the Listing Rules in respect of the Acquisition I and the Acquisition II, when aggregated, exceed 5% but none of them exceed 25%, the Acquisitions are also only subject to the reporting and announcement requirements but are exempt from the shareholders' approval requirement.

GENERAL

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

SI Development, an indirect non-wholly owned subsidiary of the Company, is principally engaged in the business of property development, property investment and management.

Feili Fujian is principally engaged in the business of real estate development and management.

Tianjin Yongjia is principally engaged in the business of securities investment and related consultancy services.

DEFINITIONS

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

“Acquisitions”	the Acquisition I and the Acquisition II
“Acquisition I”	the acquisition of the Sale Interest I pursuant to the Equity Transfer Agreement I
“Acquisition II”	the acquisition of the Sale Interest II pursuant to the Equity Transfer Agreement II

“Board”	the board of directors of the Company
“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
“connected person(s)”, “subsidiary(ies)” and “substantial shareholder(s)”	each has the meaning ascribed to it the Listing Rules
“Director(s)”	the director(s) of the Company
“Equity Transfer Agreement I”	the share transfer agreement dated 19 November 2018 between SI Development and SID Quanzhou in relation to the sale and purchase of the Sale Interest I
“Equity Transfer Agreement II”	the share transfer agreement dated 13 December 2017 between SI Development and Tianjin Yongjia in relation to the sale and purchase of the Sale Interest II
“Feili Fujian”	菲莉（福建）投資有限公司 (Feili (Fujian) Investment Co., Ltd.*), a limited liability company established under the laws of the PRC
“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“insignificant subsidiary”	has the meaning attributed to it under Rule 14A.09(1) of the Listing Rules
“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 only, excludes Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan
“RMB”	Renminbi, the lawful currency of the PRC
“Sale Interest I”	the 49% equity interest in SID Quanzhou that is held by Feili Fujian as of the date of this announcement
“Sale Interest II”	the 2% equity interest in SID Quanzhou that was held by Tianjin Yongjia at the time of signing of the Equity Transfer Agreement II

“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
“SID Quanzhou”	泉州市上實投資發展有限公司 (Shanghai Industrial Investment Development (Quanzhou) Co., Ltd.*), a limited liability company established under the laws of the PRC and a non-wholly-owned subsidiary of the Company as at the date of this announcement
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Tianjin Yongjia”	天津永嘉股權投資基金合伙企業 (有限合伙) (Tianjin Yongjia Equity Investment Funds Limited Partnership*), a limited partnership established under the laws of the PRC
“%”	per cent

**For identification purposes only.*

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

Hong Kong, 19 November 2018

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

Executive Directors:

Mr. Shen Xiao Chu, 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