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

MAJOR TRANSACTION

ACQUISITION OF LAND USE RIGHTS OF LAND PARCELS IN SHANGHAI, THE PRC BY THE TENDER CONSORTIUM

ACQUISITION OF LAND USE RIGHTS BY THE TENDER CONSORTIUM

The Board is pleased to announce that the Tender Consortium, which is formed by SI Development (a non-wholly owned subsidiary of the Company), Shanghai Municipal Investment and Shanghai Construction Group, has received a confirmation notification on 8 May 2021 from Hongkou District Planning and Natural Resources Bureau, stating that the Tender Consortium has won in a bid for the acquisition of the Land Use Rights of the Land through listing-for-sale at a consideration of RMB9,106,000,000. The Land Use Rights Grant Contract in respect of the Land Acquisition was entered into on 8 May 2021 by the Tender Consortium.

The Tender Consortium will jointly establish the JV Company for the development of the Land and the related construction and business operation. As at the date of this announcement, SI Development is in the course of negotiation with Shanghai Municipal Investment and Shanghai Construction Group on the terms of the possible joint venture agreement and no legally binding agreement in respect of the possible joint venture arrangement has been entered into by SI Development. The Group will ensure that the joint venture agreement to be entered into will comply with the applicable requirements for the exemption for Qualified Property Acquisition under Rule 14.33A of the Listing Rules.

LISTING RULES IMPLICATIONS

The Land Acquisition, undertaken on a joint basis by the Tender Consortium and calculated by reference to 50% interest attributable to the Group, constitutes a transaction under Chapter 14 of the Listing Rules as the properties to be developed on the Land will be held as investment property for recurring income. As one or more of the applicable percentage ratios in respect of the Land

Acquisition (calculated by reference to 50% interest attributable to the Group) exceed 25% but all are less than 100%, the Land Acquisition (calculated by reference to 50% interest attributable to the Group) constitutes a major transaction for the Company under Chapter 14 of the Listing Rules.

Pursuant to Rule 14.22 of the Listing Rules, the Land Acquisition (calculated by reference to 50% interest attributable to the Group) and the 2020 Land Acquisition are required to be aggregated as they are expected to complete within a 12-month period and are entered into by the Group with the same party/parties who are connected with one another. Details of the 2020 Land Acquisition have already been disclosed in the announcement and circular of the Company dated 17 December 2020 and 25 February 2021, respectively.

As one or more of the applicable percentage ratios in respect of the Land Acquisition (calculated by reference to 50% interest attributable to the Group) in aggregate with the 2020 Land Acquisition exceed 25% but all are less than 100%, the Land Acquisition (calculated by reference to 50% interest attributable to the Group), when considered in aggregate with the 2020 Land Acquisition, remains as a major transaction for the Company under Chapter 14 of the Listing Rules.

As one of the Group's principal business activities is property development, the Company is regarded as a Qualified Issuer under Rule 14.04(10B) of the Listing Rules. Besides, the Land Acquisition is regarded as a Qualified Property Acquisition under Rule 14.04(10C) of the Listing Rules as it involves an acquisition of governmental land(s) from a PRC Governmental Body through listing-for-sale governed by the PRC laws (as defined under the Listing Rules), which is undertaken by the Group via the Tender Consortium jointly with Shanghai Municipal Investment and Shanghai Construction Group in its ordinary and usual course of business and which will be qualified for exemption for Qualified Property Acquisition provided that the requirements under Rule 14.33A of the Listing Rules are met. As such, subject to the fulfilment of the requirements under the Rule 14.33A under the possible joint venture agreement, the Company expects that the Land Acquisition will be qualified for the exemption for a Qualified Property Acquisition under Rule 14.33A of the Listing Rules and in such case, the Land Acquisition will only be subject to reporting, announcement and circular requirements but exempt from shareholders' approval requirement pursuant to Rule 14.33A of the Listing Rules. Further announcement shall be made by the Company in accordance with the Listing Rules when the relevant joint venture agreement is signed.

GENERAL

A circular containing, among other things, (i) further details of the Land Acquisition; and (ii) financial information of the Group, will be despatched to the shareholders of the Company on or before 31 May 2021.

ACQUISITION OF LAND USE RIGHTS BY THE TENDER CONSORTIUM

The Board is pleased to announce that the Tender Consortium, which is formed by SI Development (a non-wholly owned subsidiary of the Company), Shanghai Municipal Investment and Shanghai Construction Group, has received a confirmation notification on 8 May 2021 from Hongkou District Planning and Natural Resources Bureau, stating that the Tender Consortium has won in a bid for the acquisition of the Land Use Rights of the Land through listing-for-sale at a consideration of RMB9,106,000,000. The Land Use Rights Grant Contract in respect of the Land Acquisition was entered into on 8 May 2021 by the Tender Consortium.

The Tender Consortium will jointly establish the JV Company for the development of the Land and the related construction and business operation. As at the date of this announcement, SI Development is in the course of negotiation with Shanghai Municipal Investment and Shanghai Construction Group on the terms of the possible joint venture agreement and no legally binding agreement in respect of the possible joint venture arrangement has been entered into by SI Development. The Group will ensure that the joint venture agreement to be entered into will comply with the applicable requirements for the exemption for Qualified Property Acquisition under Rule 14.33A of the Listing Rules.

Details of the Land Acquisition are set out below:

| | | |
|--|---|---|
| Date of the Land Use Rights Grant Contract | : | 8 May 2021 |
| Parties | : | (1) Hongkou District Planning and Natural Resources Bureau (as the transferor); and (2) the Tender Consortium (as the transferee) |
| Location of the Land | : | The Land is situated at the land parcels numbered HK321-01 and HK321-02 (a portion of the Land is underground land), North Bund, Hongkou District, Shanghai, the PRC (i.e. the land parcel No. 91, North Bund), and it reaches Dantu Road to the east, Dongchangzhi Road to the south, Gaoyang Road to the west and Tangshan Road to the north. |
| Total land transfer site area | : | 34,585.2 square metres |
| Consideration | : | RMB9,106,000,000 |

The Consideration shall be contributed by SI Development, Shanghai Municipal Investment and Shanghai Construction Group in the following proportion:

| | |
|-------------------------------|-----|
| SI Development | 50% |
| Shanghai Municipal Investment | 35% |
| Shanghai Construction Group | 15% |

Payment terms : (1) RMB1,821,200,000, being 20% of the Consideration, shall be paid within five business day from the date of signing the Land Use Rights Grant Contract; and

(2) RMB7,284,800,000, being the remaining balance of the Consideration shall be paid within 90 days from the date of signing the Land Use Rights Grant Contract.

Term of the Land Use Rights and uses of the Land : (1) for commercial use with a term of 40 years;

(2) for offices with a term of 50 years; and

(3) for catering venues and hotels with a term of 40 years

Formulation of the development plan for the Land is still underway, and the relevant professional parties and consultants will be appointed for the preparation of the design and construction plans of the development. It is expected that the development work will last for about 7 years from commencement of development. Together with the existing land parcel situated at Nos. 89 and 90, North Bund, the three sites are planned to be developed into an urban complex with A grade office buildings, serviced apartments, theme commercial buildings, hotels and cultural and entertainment facilities. The Tender Consortium will, in accordance with practical market conditions, make adjustments to the actual timetable of the construction and development of the Land.

BASIS FOR DETERMINING THE CONSIDERATION

The Consideration was determined by the successful bid of the Land by the Tender Consortium through listing-for-sale which was conducted in accordance with the relevant PRC laws and regulations. The Group considered the bidding price for the Land was fair after taking into account, among other things:

- (1) the base price of the bid of RMB9,106,000,000 set by Hongkou District Planning and Natural Resources Bureau and the average floor area price of the Land of approximately RMB26,000 per square metre, which is lower than the average floor area price in the range from approximately RMB36,000 to approximately RMB45,000 per square metre of other land plots for commercial use in North Bund in recent years;
- (2) the current property market conditions in North Bund, Hongkou District, Shanghai, the PRC and areas nearby. North Bund is expected to become a new engine of growth in Shanghai, as well as the new benchmark for urban development in the new era. According to the development blueprint of the city, North Bund will become a core central business district, with a high density of office buildings and commercial facilities, along with historical and cultural regions where the historical ambiance will be fully preserved. Detailed planning has been made for the skywalks, central park, underground space, industrial functions and

management for the central business district. With a substantial number of enterprises having been settled in North Bund, including those engaging in finance and shipping, the property market in North Bund is booming with a steady increase in property price in recent years; and

- (3) the location and development potential of the Land. Along with the Lujiazui financial hub on the east bank of the river across from the Bund, the North Bund forms downtown Shanghai's "golden triangle". Riverside regions have already been transformed with greenery and walking paths. While the Land is located in the core area of North Bund, Hongkou District, Shanghai and in close proximity to the waterfront, which the local government aims to develop into a global central business district and in terms of expected investment returns in the future, the Land has obvious geographical advantages, thus has relatively high development potential.

No independent valuation has been taken as reference for setting the bidding price.

SI Development intends to finance the 50% of the Consideration, being the proportion of Consideration undertaken by it in the Land Acquisition, by its internal resources, shareholders' loans and/or external borrowings.

FORMATION OF JV COMPANY

The Tender Consortium will jointly establish the JV Company for the development of the Land and the related construction and business operation. As at the date of this announcement, SI Development is in the course of negotiation with Shanghai Municipal Investment and Shanghai Construction Group on the terms of the possible joint venture arrangement and no legally binding agreement in respect of the possible joint venture arrangement has been entered into by SI Development. The Group will ensure that the joint venture agreement to be entered into will comply with the applicable requirements for the exemption for Qualified Property Acquisition under Rule 14.33A of the Listing Rules.

REASONS FOR AND BENEFITS OF THE LAND ACQUISITION

SI Development has been making efforts in researching development opportunities in the core areas of the Yangtze River Delta focusing on resources, in particular those of high quality, in these areas using Shanghai as its core. In this connection, it has been the business development strategy of SI Development to strengthen its real estate investments in core regions in the Yangtze River Delta and to participate in the development of the Yangtze River Delta with Shanghai as the centre.

The Land, which is situated at North Bund, Hongkou District, Shanghai, the PRC, is for office and hotel development and commercial uses. It is located in close proximity to the land parcels situated at Nos. 89 and 90, North Bund which is currently under development and construction of SI Development and one of its subsidiaries and the Land Acquisition is in line with the business development strategy of SI Development in real estate investment in Shanghai as stated above. It therefore creates synergy effect to the development planning of the Group in the same areas in Shanghai, and enhances the brand reputation and value of the Group in the aspect of property development.

The purpose of acquiring and holding the Land User Rights of the Land through the Tender Consortium is to mitigate the risk exposure of the Group while allow the Group to benefit from the investment in the property development on the Land.

The Board is of the view that the Land Acquisition is in the Group's ordinary and usual course of business, the terms of the Land Acquisition are fair and reasonable and the Land Acquisition is in the interests of the Company and the Shareholders as a whole.

INFORMATION ON THE PARTIES

The Group is principally engaged in the businesses of infrastructure facilities, real estate (comprising property development and investment and hotel operation) and consumer products.

SI Development is a non-wholly owned subsidiary of the Company. As at the date of this announcement, it is held by the Company as to 48.6%. SI Development is principally engaged in property development, property operation and management, and provision of consulting services in relation to property business.

Shanghai Municipal Investment is a state wholly-owned company established in the PRC with limited liability. Shanghai Municipal Investment is principally engaged in urban construction and public service investment, marketing planning, project investment and asset management, asset investment, equity investment, self-owned equipment leasing, investment consulting, management consulting and real estate development.

Shanghai Construction Group is a company listed on the Shanghai Stock Exchange. Shanghai Construction Group is principally engaged in contracting, design, construction and consulting of domestic and overseas construction projects.

Hongkou District Planning and Natural Resources Bureau is a bureau established by the local government of Hongkou District in Shanghai Municipality and a PRC Governmental Body within the meaning of Rule 19A.04 of the Listing Rules.

To the best of the knowledge, information and belief of the Directors having made all reasonable enquiries, Shanghai Municipal Group, Shanghai Construction Group and Hongkou District Planning and Natural Resources Bureau and their respective ultimate beneficial owners are third parties independent of the Company and its connected persons.

LISTING RULES IMPLICATIONS

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DEFINITIONS

In this announcement, the following expressions shall have the meanings as set out below unless the context otherwise requires:

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| "2020 Land Acquisition" | the acquisition by 上海銳珏商務諮詢有限公司 (Shanghai Ruijue Commercial Services Consulting Co., Limited*), a wholly-owned subsidiary of SI Development, of the land use rights of the land situated at the land parcels numbered HK323-01, HK323-05, HK323-02 (a portion of the land is underground land), North Bund, Hongkou District, Shanghai, the PRC (i.e. the land parcel No.90, North Bund), details of which were disclosed in the announcement and circular of the Company dated 17 December 2020 and 25 February 2021, respectively |
| "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 (stock code: 363) |
| "connected person(s)" "percentage ratio(s)" and "subsidiary(ies)" | each has the meaning ascribed to it under the Listing Rules |
| "Consideration" | RMB9,106,000,000, being the total consideration for the Land Acquisition |
| "Director(s)" | the director(s) of the Company |
| "Group" | the Company and its subsidiaries from time to time |
| "Hong Kong" | the Hong Kong Special Administrative Region of the PRC |
| "Hongkou District Planning and Natural Resources Bureau" | Hongkou District Planning and Natural Resources Bureau in Shanghai Municipality* (上海市虹口區規劃和自然資源局), a bureau established by the local government of Hongkou District in Shanghai Municipality and a PRC Governmental Body within the meaning of Rule 19A.04 of the Listing Rules |
| "JV Company" | a joint venture company to be established by the Tender Consortium |

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| "Land" | the Land situated at the land parcels numbered HK321-01 and HK321-02 (a portion of the Land is underground land), North Bund, Hongkou District, Shanghai, the PRC (中國上海市虹口區北外灘) (i.e. the land parcel No. 91, North Bund (北外灘91街坊)), and it reaches Dantu Road (丹徒路) to the east, Dongchangzhi Road (東長治路) to the south, Gaoyang Road (高陽路) to the west and Tangshan Road (唐山路) to the north |
| "Land Acquisition" | the acquisition of the Land Use Rights of the Land by the Tender Consortium |
| "Land Use Rights" | the state-owned construction land use rights* (國有建設用地使用權) |
| "Land Use Rights Grant Contract" | the state-owned construction land use rights grant contract in Shanghai* (上海市國有建設用地使用權出讓合同) entered into on 8 May 2021 between Hongkou District Planning and Natural Resources Bureau as the transferor and the Tender Consortium as the transferee in relation to the Land Acquisition |
| "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, excluding Hong Kong and Macau Special Administrative Regions and Taiwan |
| "PRC Governmental Body" | has the meaning ascribed to it under Rule 19A.04 of the Listing Rules |
| "Qualified Issuer" | has the meaning ascribed to it under Rule 14.04(10B) of the Listing Rules |
| "Qualified Property Acquisition" | has the meaning ascribed to it under Rule 14.04(10C) of the Listing Rules |
| "RMB" | Renminbi, the lawful currency of the PRC |
| "Shanghai Construction Group" | 上海建工集團股份有限公司 (Shanghai Construction Group Co., Ltd.), a company established in the PRC with limited liability and listed on the Shanghai Stock Exchange (SSE Stock Code: 600170) |

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| "Shanghai Municipal Investment" | 上海城投(集團)有限公司(Shanghai Municipal Investment (Group) Corporation*), a state wholly-owned company established in the PRC with limited liability |
| "SI Development" | 上海實業發展股份有限公司 (Shanghai Industrial Development Co., Ltd.), a company established in the PRC with limited liability and listed on the Shanghai Stock Exchange (SSE Stock Code: 600748), a non-wholly owned subsidiary of the Company |
| "Stock Exchange" | The Stock Exchange of Hong Kong Limited |
| "Tender Consortium" | a tender consortium formed by SI Development, Shanghai Municipal Investment and Shanghai Construction Group for the purpose of jointly submitting a bid for the acquisition of the Land Use Rights of the Land through listing-for-sale |
| "%" | per cent. |

** For identification purposes only.*

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

Hong Kong, 8 May 2021

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