

Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.



(Incorporated in Hong Kong with limited liability)

(Stock Code: 363)

CONNECTED TRANSACTION

DEEMED DISPOSAL OF INTEREST IN CHELSEA SECURITIES

THE SUBSCRIPTION

On 31 August 2021, Chelsea Securities, an indirect non-wholly owned subsidiary of the Company, entered into the Subscription Agreement with the Subscribers, pursuant to which each of Tianjin Trust and Mr. Wang Weixian conditionally agreed to pay HK\$94,529,097 and HK\$23,632,097, respectively for the subscription of 133,333 and 33,333 Subscription Shares, representing 50.00% and approximately 12.50% of the enlarged issued share capital of Chelsea Securities, respectively.

LISTING RULES IMPLICATIONS

Mr. Wang Weixian currently holds 15.00% of Chelsea Securities and is therefore a substantial shareholder of Chelsea Securities. Chelsea Securities is an insignificant subsidiary of the Company for the purpose of Rule 14A.09 of the Listing Rules. Accordingly, notwithstanding Mr. Wang Weixian's interest in Chelsea Securities, he is not regarded as a connected person of the Company pursuant to Rule 14A.09 of the Listing Rules. The Subscription viz-a-viz Mr. Wang Weixian therefore does not constitute a connected transaction of the Company under Chapter 14A of the Listing Rules.

Tianjin Trust is a subsidiary of SIIC Shanghai. SIIC Shanghai is a subsidiary of SIIC (being a controlling shareholder of the Company) by virtue of SIIC being the representative authorised to exercise state-owned shareholder's right over SIIC Shanghai. Tianjin Trust is therefore a subsidiary of SIIC. As such, Tianjin Trust is an associate of SIIC and a connected person of the Company. Accordingly, the subscription of 133,333 Subscription Shares by Tianjin Trust under the Subscription Agreement constitutes a connected transaction of the Company under the Listing Rules. As one or more of the applicable percentage ratios in respect of the subscription of shares in Chelsea Securities by Tianjin Trust under the Subscription Agreement exceeds 0.1% but all of them are less than 5%, such subscription is subject to the reporting and announcement requirements but is exempt from the circular and independent shareholders' approval requirements pursuant to Rule 14A.76 of the Listing Rules.

Following completion of the Subscription, the Group's interest in Chelsea Securities will reduce. The Subscription also constitutes a deemed disposal of the Company under Rule 14.29 of the Listing Rules. As one or more the applicable percentage ratios in respect of such deemed disposal exceed 0.1% but all are less than 5%, the deemed disposal therefore only constitutes a connected transaction for the Company under Chapter 14A of the Listing Rules and is subject to the reporting and announcement requirements but is exempt from the circular and independent shareholders' approval requirements pursuant to Rule 14A.76 of the Listing Rules.

THE SUBSCRIPTION AGREEMENT

Date

31 August 2021

Parties

- (1) Chelsea Securities, an indirect non-wholly owned subsidiary of the Company
- (2) The Subscribers, being Tianjin Trust and Mr. Wang Weixian

As at the date of this announcement, Chelsea Securities is owned by Profit Engine (50.00%), China Best Investment (30.00%), Mr. Wang Weixian (15.00%) and Mr. David Sean Linker (5.00%). Profit Engine and China Best Investment are indirect wholly-owned subsidiaries of the SI Urban Development, which is a non-wholly subsidiary of the Company.

Tianjin Trust is a subsidiary of SIIC Shanghai. SIIC Shanghai is a subsidiary of SIIC (being a controlling shareholder of the Company) by virtue of SIIC being the representative authorised to exercise state-owned shareholder's right over SIIC Shanghai. Tianjin Trust is therefore a subsidiary of SIIC. As such, Tianjin Trust is an associate of SIIC and a connected person of the Company.

Mr. Wang Weixian currently holds 15.00% of Chelsea Securities and is therefore a substantial shareholder of Chelsea Securities, which is an indirect non-wholly owned subsidiary of the Company. Chelsea Securities is an insignificant subsidiary of the Company for the purpose of Rule 14A.09 of the Listing Rules. As such, notwithstanding Mr. Wang Weixian's interest in Chelsea Securities, he is not regarded as a connected person of the Company pursuant to Rule 14A.09 of the Listing Rules.

Subscription

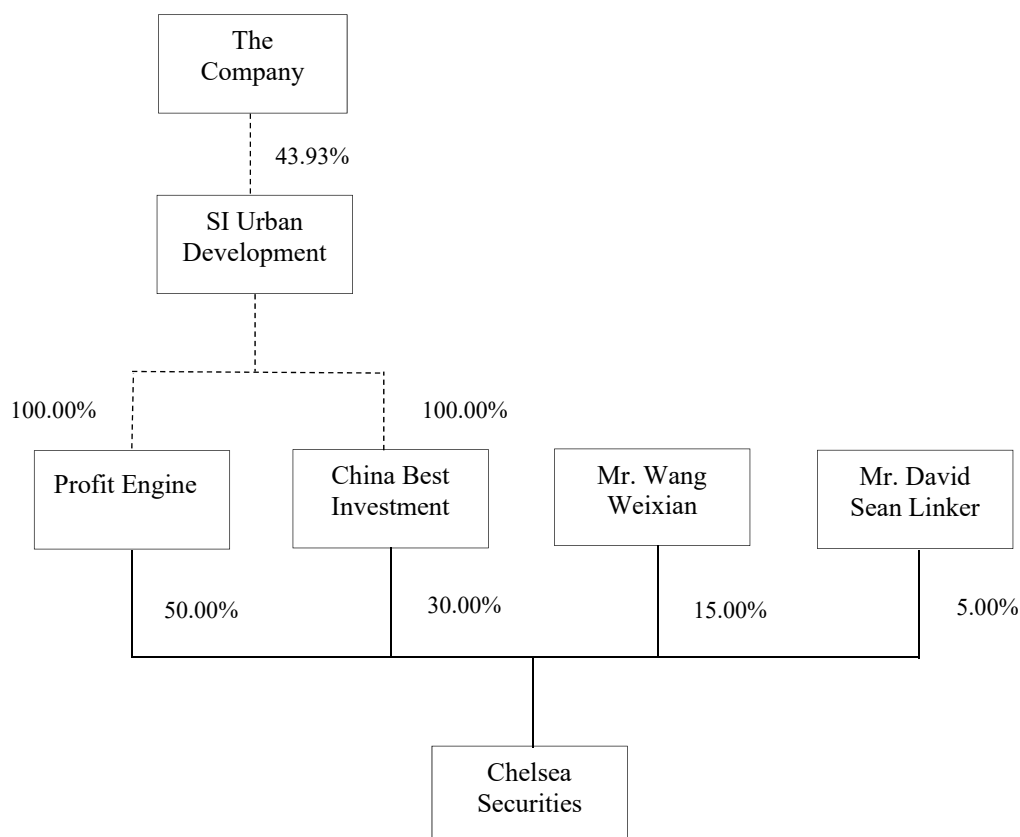
Pursuant to the Subscription Agreement, Tianjin Trust and Mr. Wang Weixian have conditionally agreed to subscribe for 133,333 and 33,333 Subscription Shares, representing 50.00% and approximately 12.50% of the enlarged issued share capital of Chelsea Securities, respectively.

The following table sets out the shareholding of Chelsea Securities before and immediately after the completion of the Subscription:

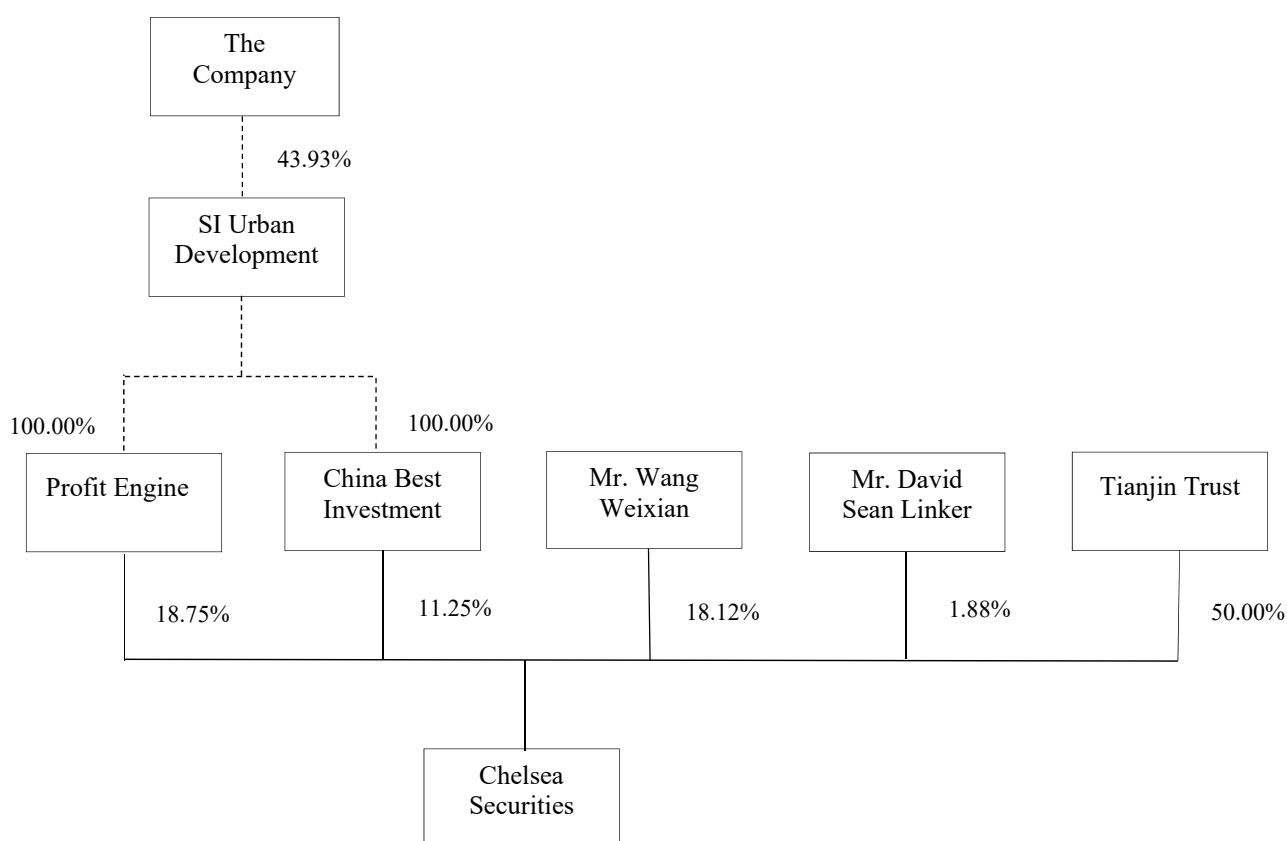
	Before completion of the Subscription		Immediately after completion of the Subscription	
	<i>Number of shares of Chelsea Securities</i>	<i>%</i>	<i>Number of shares of Chelsea Securities</i>	<i>(approximately) %</i>
Profit Engine	50,000	50.00	50,000	18.75
China Best Investment	30,000	30.00	30,000	11.25
Mr. Wang Weixian	15,000	15.00	48,333	18.12
Mr. David Sean Linker	5,000	5.00	5,000	1.88
Tianjin Trust	-	-	133,333	50.00
Total	100,000	100.00	266,666	100.00

The following charts illustrate a simplified shareholding of Chelsea Securities as at the date of this announcement and immediately following completion of the Subscription, respectively:

As at the date of this announcement



Immediately following completion of the Subscription



Notes:

* ----- indicates indirect shareholding

1. The shareholding percentage of each of the shareholders listed above is rounded to the nearest two decimal places.

Consideration

Tianjin Trust and Mr. Wang Weixian will pay Chelsea Securities HK\$94,529,097 and HK\$23,632,097 in cash for 133,333 and 33,333 Subscription Shares, respectively.

As the Subscription represents new capital injection to Chelsea Securities, it does not involve any acquisition from a third party, and therefore there is no original acquisition cost for the Subscription Shares.

The consideration of the Subscription was determined by Chelsea Securities and the Subscribers after arm's length negotiation with reference to, among other things, (i) the business development and performance of Chelsea Securities; (ii) the future business prospect of Chelsea Securities; (iii) the audited consolidated net asset value of Chelsea Securities as at 31 January 2021 which was HK\$39,221,448; and (iv) reasons and benefits of the Subscription as stated under the section headed "REASONS FOR AND BENEFITS OF THE SUBSCRIPTION" below.

Conditions Precedent

Completion of the Subscription is conditional upon the satisfaction of a number of conditions including but without limitation to the following:

- (a) the board of directors of Chelsea Securities having passed the necessary resolutions to approve the Subscription Agreement and the transactions contemplated thereunder;
- (b) there having been no material adverse change in the business, operations, assets, position and profits of Chelsea Securities upon completion of the Subscription;
- (c) the parties to the Subscription Agreement having obtained all necessary consents, authorisations and other approvals in connection with the Subscription, including but not limited to any necessary internal approvals, the relevant approval by the Tianjin Development and Reform Commission of the People's Republic of China (天津市發展和改革委員會), the relevant approval by the China Banking and Insurance Regulatory Commission Tianjin Office (中國銀行保險監督管理委員會天津監管局) and the relevant approval by the Securities and Futures Commission of Hong Kong;
- (d) each of the warranties by Chelsea Securities and the Subscribers being true, correct, complete and not misleading as of completion of the Subscription; and
- (e) there being no proceeding, investigation or legislation prohibiting the Subscription.

Completion

Completion of the Subscription is scheduled to take place no later than five business days (or such other time and date as the parties may agree) following Chelsea Securities and the Subscribers having confirmed in writing that all conditions to the Subscription have been fulfilled. Within five days upon the fulfilment of all conditions to the Subscription, each of the Subscribers shall pay to Chelsea Securities 50% of their respective Subscription Amount. Within one year upon the fulfilment of all conditions to the Subscription, each of the Subscribers shall pay to Chelsea Securities the remaining 50% of their respective Subscription Amount.

Governance

It is contemplated that the board of directors of Chelsea Securities will consist of eight directors, of which three will be appointed by Tianjin Trust, two will be appointed by SI Urban Development (via Profit Engine and China Best Investment) and one will be appointed by Mr. Wang Weixian. The remaining two directors will consist of one management director and one independent director.

REASONS FOR AND BENEFITS OF THE SUBSCRIPTION

The Subscription will strengthen the financial position of Chelsea Securities and the proceeds from the Subscription are intended to be used to satisfy its general working capital needs and other

corporate purposes. Chelsea Securities is expected to benefit from Tianjin Trust's experience in funds investment and management, while the Group will be able to continue to enjoy the economic benefit through its retained shareholding in Chelsea Securities.

Given the Subscription is being conducted on normal commercial terms, and the Group is expected to make a gain on the Subscription, the Directors (including the independent non-executive Directors) consider that the Subscription has been made on normal commercial terms, albeit not in the ordinary and usual course of business of the Group; and that the terms of the Subscription Agreement are fair and reasonable and that entering into of the Subscription Agreement is in the interests of the Company and the shareholders of the Company as a whole.

INFORMATION OF THE GROUP

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

SI Urban Development, a non-wholly owned subsidiary of the Company, is a public company incorporated in Bermuda as an exempt company with limited liability, and is an investment holding company.

INFORMATION OF THE PARTIES TO THE SUBSCRIPTION AGREEMENT

Tianjin Trust is a non-bank financial institution incorporated in the PRC and subject to the supervision and regulation of the Tianjin Bureau of CBRC. The principal business of Tianjin Trust includes engaging in collective funds trust, single funds trust, equity investments, finance leases, trusts of specific projects and other businesses in compliance with the requirements of the laws and regulations or approved by CBRC.

Tianjin Trust is owned as to 77.58% by SIIC Shanghai, and accounted for as a subsidiary of SIIC. SIIC Shanghai is principally engaged in investment holding and property investment.

The remaining interest of Tianjin Trust is held as to:

- (1) 16.11% by 天津市泰達國際控股（集團）有限公司 (Tianjin Teda International Holdings (Group) Co., Ltd.*), a state-owned enterprise established in the PRC. It is principally engaged in investment in the financial industry and other sectors of the national economy in the PRC and the provision of financial and asset management related services;
- (2) 3.90% by 大家人壽保險股份有限公司 (Dajia Life Insurance Co., Ltd.*), an insurance group approved by the CBRC and subject to the supervision and regulation of the CBRC. It is principally engaged in investment in insurance institutions and other financial institutions, management of domestic and international investment holding companies and the provision of insurance and investment related services as approved by the CBRC;

- (3) 1.36% by 安邦保險集團股份有限公司 (Anbang Insurance Group Co., Ltd.*), an insurance company approved by the CBRC and subject to the supervision and regulation of the CBRC. It is principally engaged in investment in the establishment of insurance institutions and the provision of insurance and investment related services as approved by the CBRC; and
- (4) 1.05% by 天津教育發展投資有限公司 (Tianjin Education Development Investment Co., Ltd.*), a state-owned enterprise established in the PRC. It is principally engaged in project investment and investment in education and technological related developments.

To the best of the Directors' knowledge, information and belief having made all reasonable enquiry, other than SIIC Shanghai, all of the shareholders of Tianjin Trust and their respective ultimate beneficial owners are third parties independent of the Company and its connected persons.

Please refer to the section headed "LISTING RULES IMPLICATIONS" below for details about Mr. Wang Weixian.

Chelsea Securities is a limited liability company incorporated in Hong Kong in 1988 and principally engaged in the securities business in Hong Kong, which is licensed under the Securities and Futures Ordinance to carry out Type 1 (dealing in securities), Type 4 (advising on securities), Type 6 (advising on corporate finance) and Type 9 (asset management) regulated activities.

The table below sets out certain audited consolidated financial information of Chelsea Securities for the years ended 31 January 2020 and 2021:

	For the year ended 31 January	
	2020	2021
	<i>(HK\$)</i>	<i>(HK\$)</i>
Revenue	7,852,031	6,094,280
Net loss before and after taxation and extraordinary items	(1,485,310)	(2,104,980)

The audited consolidated net asset value of Chelsea Securities as at 31 January 2021 was approximately HK\$39,221,448.

FINANCIAL EFFECT ARISING FROM THE DEEMED DISPSOAL ON THE GROUP

Upon completion of the Subscription, the equity interest in Chelsea Securities held by the Group, indirectly through Profit Engine and China Best Investment, will be diluted from 80.00% to 30.00% and Chelsea Securities will cease to be a subsidiary of the Company. Chelsea Securities' financial results will no longer be consolidated with the financial statements of the Group.

Based on a preliminary assessment, it is estimated that SI Urban Development will record an unaudited gain on the Subscription of approximately HK\$718,000, which represents HK\$56,717,458 (being the fair value of 30.00% equity interest in Chelsea Securities to be held by the Group

immediately after completion of the Subscription) less HK\$56,000,000 (being the cash consideration paid by the Group for the acquisition of 80.00% equity interest of Chelsea Securities in February 2021).

The actual gain or loss as a result of the Subscription to be recorded by SI Urban Development is subject to a final audit to be performed by the auditors of SI Urban Development. The net proceeds from the Subscription of approximately HK\$118,161,194 will be used by Chelsea Securities to satisfy its general working capital needs and other corporate purposes.

LISTING RULES IMPLICATIONS

Mr. Wang Weixian currently holds 15.00% of Chelsea Securities and is therefore a substantial shareholder of Chelsea Securities. Chelsea Securities is an insignificant subsidiary of the Company for the purpose of Rule 14A.09 of the Listing Rules. Accordingly, notwithstanding Mr. Wang Weixian's interest in Chelsea Securities, he is not regarded as a connected person of the Company pursuant to Rule 14A.09 of the Listing Rules. The Subscription viz-a-viz Mr. Wang Weixian therefore does not constitute a connected transaction of the Company under Chapter 14A of the Listing Rules.

Tianjin Trust is a subsidiary of SIIC Shanghai. SIIC Shanghai is a subsidiary of SIIC (being a controlling shareholder of the Company) by virtue of SIIC being the representative authorised to exercise state-owned shareholder's right over SIIC Shanghai. Tianjin Trust is therefore a subsidiary of SIIC. As such, Tianjin Trust is an associate of SIIC and a connected person of the Company. Accordingly, the subscription of 133,333 Subscription Shares by Tianjin Trust under the Subscription Agreement constitutes a connected transaction of the Company under the Listing Rules. As one or more of the applicable percentage ratios in respect of the subscription of shares in Chelsea Securities by Tianjin Trust under the Subscription Agreement exceeds 0.1% but all of them are less than 5%, such subscription is subject to the reporting and announcement requirements but is exempt from the circular and independent shareholders' approval requirements pursuant to Rule 14A.76 of the Listing Rules.

Following completion of the Subscription, the Group's interest in Chelsea Securities will reduce. The Subscription also constitutes a deemed disposal of the Company under Rule 14.29 of the Listing Rules. As one or more the applicable percentage ratios in respect of such deemed disposal exceed 0.1% but all are less than 5%, the deemed disposal therefore only constitutes a connected transaction for the Company under Chapter 14A of the Listing Rules and is subject to the reporting and announcement requirements but is exempt from the circular and independent shareholders' approval requirements pursuant to Rule 14A.76 of the Listing Rules.

None of the Directors had a material interest in the Subscription Agreement or was required to abstain from voting on the relevant Board resolution(s) approving the Subscription Agreement and the transactions contemplated thereunder. However, Mr. Shen Xiao Chu, an executive director and the chairman of SIIC; and Mr. Zhou Jun, an executive director and the president of SIIC, have voluntarily abstained from voting on the Board resolution(s) approving the Subscription Agreement and the transactions contemplated thereunder.

DEFINITIONS

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

“associate”, “connected person(s)”, “controlling shareholder”, “insignificant subsidiary” “percentage ratios” and “subsidiary(ies)”	each has the meaning ascribed to it under the Listing Rules
“Board”	the board of Directors
“CBRC”	China Banking and Insurance Regulatory Commission (中國銀行保險監督管理委員會)
“Chelsea Securities”	Chelsea Securities Limited (昭海金融證券有限公司), a company incorporated in Hong Kong with limited liability and an indirect non-wholly owned subsidiary of the Company
“China Best Investment”	China Best Investment Limited (中潤投資有限公司), a company incorporated in Hong Kong with limited liability and an indirect subsidiary of the Company
“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)
“Director(s)”	the director(s) of the Company
“Group”	the Company and its subsidiaries from time to time
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“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 the Macao Special Administrative Regions of the PRC and Taiwan

“Profit Engine”	Profit Engine Limited (利駿有限公司), a company incorporated in Hong Kong with limited liability and an indirect subsidiary of the Company
“SIIC”	Shanghai Industrial Investment (Holdings) Company Limited, a company incorporated in Hong Kong with limited liability and a controlling shareholder of the Company
“SIIC Shanghai “	上海上實 (集團) 有限公司 (SIIC Shanghai Holdings Co., Ltd.*), a company established in the PRC with limited liability and which is controlled by SIIC as the authorised representative exercising state-owned shareholder’s right over it
“SI Urban Development”	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), and the Company is its controlling shareholder
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Subscribers”	Tianjin Trust and Mr. Wang Weixian
“Subscription”	the subscription of shares in Chelsea Securities to be made by the Subscribers pursuant to the Subscription Agreement
“Subscription Agreement”	the subscription agreement in relation to the Subscription entered into between the Subscribers and Chelsea Securities dated 31 August 2021
“Subscription Amount”	the total consideration for the Subscription, consisting of HK\$94,529,097 and HK\$23,632,097 payable to Chelsea Securities by Tianjin Trust and Mr. Wang Weixian, respectively
“Subscription Shares”	a total of 166,666 shares in the capital of Chelsea Securities in respect of which the Subscribers have agreed to subscribe pursuant to the terms of the Subscription Agreement
“Tianjin Trust”	天津信託有限責任公司 (Tianjin Trust Co., Ltd.*), a non-bank financial institution established in the PRC and subject to the supervision and regulation of the Tianjin Bureau of CBRC. It is owned as to 77.58% by SIIC Shanghai, and accounted for as a subsidiary of SIIC
“0%”	per cent.

** For identification purposes only.*

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

Hong Kong, 31 August 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