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*(Incorporated in Hong Kong with limited liability)*

**(Stock Code: 363)**

## **CONNECTED TRANSACTION**

### **ACQUISITION OF EQUITY INTERESTS IN SHANGHAI DONGYI PROPERTY**

On 15 October 2021, SIUD Healthcare Management, an indirect non-wholly owned subsidiary of the Company, entered into the Equity Transfer Agreement with SIIC VC, Shanghai Huashi, SIIC Dongtan Investment and Shanghai Dongyi Property for the acquisition of equity interests in Shanghai Dongyi Property. Pursuant to the Equity Transfer Agreement, SIIC Dongtan Investment has conditionally agreed to, among others, transfer 40% equity interest in Shanghai Dongyi Property to SIUD Healthcare Management for a cash consideration of approximately RMB48,296,090 (i.e. the Acquisition).

Following completion of the Equity Transfer, SIIC Dongtan Investment and the Transferees will make an aggregate capital contribution of RMB180,000,000, on a pro-rata basis in accordance with their respective equity interests, to the registered capital of Shanghai Dongyi Property. On this basis, SIUD Healthcare Management will contribute RMB72,000,000 in cash to the registered capital of Shanghai Dongyi Property.

SIIC VC is a wholly-owned subsidiary of SIIC Shanghai, which is in turn 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. Shanghai Huashi is a wholly-owned subsidiary of Shanghai Pharmaceutical (Group), which is in turn a non-wholly owned subsidiary of SIIC Shanghai. SIIC Dongtan Investment is a wholly-owned subsidiary of SIIC Shanghai. Shanghai Dongyi Property is a wholly-owned subsidiary of SIIC Dongtan Investment. As such, each of SIIC VC, Shanghai Huashi, SIIC Dongtan Investment and Shanghai Dongyi Property is an associate of SIIC, and hence a connected person of the Company. The Transactions contemplated under the Equity Transfer Agreement constitute a connected transaction of the Company under Chapter 14A of the Listing Rules.

As one or more of the applicable percentage ratios exceed 0.1% but all of them are less than 5%, the Transactions contemplated under the Equity Transfer Agreement are subject to the reporting and announcement requirements but are exempt from the circular and independent shareholders' approval requirements pursuant to Chapter 14A of the Listing Rules.

## **THE EQUITY TRANSFER AGREEMENT**

The Board announces that on 15 October 2021, SIUD Healthcare Management, an indirect non-wholly owned subsidiary of the Company, entered into the Equity Transfer Agreement for the acquisition of 40% equity interest in Shanghai Dongyi Property. The principal terms of the Equity Transfer Agreement are summarised as follows:

### **Date**

15 October 2021

### **Parties**

- (1) SIUD Healthcare Management (as a Transferee);
- (2) SIIC VC (as a Transferee);
- (3) Shanghai Huashi (as a Transferee);
- (4) SIIC Dongtan Investment (as the transferor); and
- (5) Shanghai Dongyi Property (as the target company).

SIIC VC is a wholly-owned subsidiary of SIIC Shanghai, which in turn 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.

Shanghai Huashi is a wholly-owned subsidiary of Shanghai Pharmaceutical (Group), which in turn is a non-wholly owned subsidiary of SIIC Shanghai.

SIIC Dongtan Investment is a wholly-owned subsidiary of SIIC Shanghai.

Shanghai Dongyi Property is a wholly-owned subsidiary of SIIC Dongtan Investment.

As such, each of SIIC VC, Shanghai Huashi, SIIC Dongtan Investment and Shanghai Dongyi Property is an associate of SIIC, and hence a connected person of the Company.

## Equity Transfer

Pursuant to the Equity Transfer Agreement, SIIC Dongtan Investment has conditionally agreed to transfer a total of 70% equity interest in Shanghai Dongyi Property to the Transferees as follows:

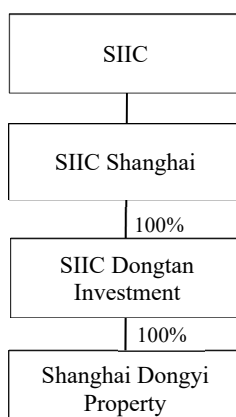
Transferee	Approximate consideration payable to SIIC Dongtan Investment (RMB'000)	% of equity interest in Shanghai Dongyi Property being transferred
SIUD Healthcare Management	48,296.09	40%
SIIC VC	24,148.05	20%
Shanghai Huashi	12,074.02	10%

The consideration of the Equity Transfer was determined by SIIC Dongtan Investment and the Transferees after arm's length negotiation with reference to, among other things, (i) the valuation of all the equity interest in Shanghai Dongyi Property; (ii) the development progress of the Project; and (iii) reasons for the Transactions as stated under the section headed "Reasons for and benefits of the Transactions" below.

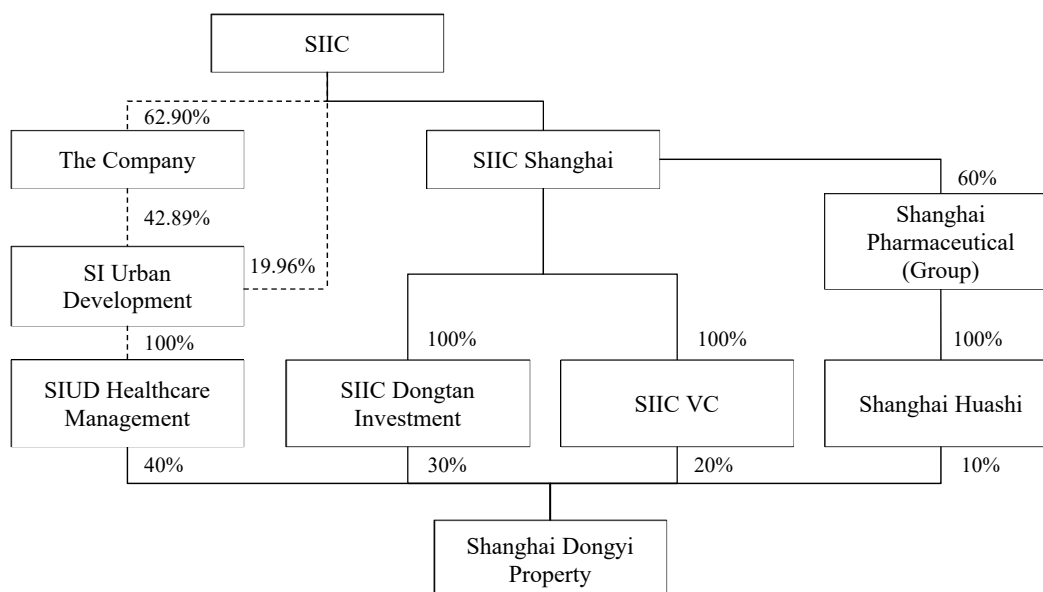
As Shanghai Dongyi Property was established by SIIC Dongtan Investment, and was not acquired from a third party, there is no original acquisition cost for the equity interest in Shanghai Dongyi Property. SIUD Healthcare Management intends to settle the consideration in cash using its internal resources.

The following charts illustrate a simplified shareholding of Shanghai Dongyi Property as at the date of this announcement and immediately following completion of the Equity Transfer, respectively:

### As at the date of this announcement



### Immediately following completion of the Equity Transfer



Notes:

1. \* ----- indicates indirect shareholding

2. The shareholding percentages listed above are rounded to the nearest two decimal places.

### Conditions Precedent

Completion of the Equity Transfer is conditional upon the satisfaction or, if applicable, waiver of a number of conditions including but without limitation the following:

- (a) Shanghai Dongyi Property and each of the Transferees having obtained all required internal approvals in relation to the Equity Transfer, including the resolutions to be approved by each of the board of directors of Shanghai Dongyi Property and each of the Transferees and SIIC Dongtan Investment as an equity holder of Shanghai Dongyi Property;
- (b) Shanghai Dongyi Property having obtained the relevant immovable property certificate in respect of the land where the Project is located;
- (c) SIIC Dongtan Investment having obtained all relevant governmental and regulatory approvals in respect of the Equity Transfer;
- (d) all the relevant transaction documents in respect of the Equity Transfer including the Equity Transfer Agreement and a set of amended articles of association of Shanghai Dongyi Property having been executed and become effective; and
- (e) there having been no material breach of contract or material adverse change to Shanghai Dongyi Property and SIIC Dongtan Investment as of the date of completion of the Equity Transfer.

The Transferees may at any time waive any of the above conditions.

## **Completion**

Completion of the Equity Transfer is scheduled to take place at such time and date as the parties may agree in writing following the satisfaction or waiver (as the case may be) of all conditions to the Equity Transfer.

## **CAPITAL CONTRIBUTION**

Following completion of the Equity Transfer, SIIC Dongtan Investment and the Transferees will make an aggregate capital contribution of RMB180,000,000, on a pro-rata basis in accordance with their respective equity interests, to the registered capital of Shanghai Dongyi Property for funding ongoing development of the Project. On this basis, SIUD Healthcare Management will contribute RMB72,000,000 in cash to the registered capital of Shanghai Dongyi Property (i.e. the Capital Contribution). Immediately after completion of the capital contributions by SIIC Dongtan Investment and the Transferees, the registered capital of Shanghai Dongyi Property will be increased from RMB120,000,000 to RMB300,000,000. SIUD Healthcare Management intends to fund the Capital Contribution in full in cash using its internal resources.

The amount of total capital contribution and the registered capital of Shanghai Dongyi Property was determined after arm's length negotiation between SIIC Dongtan Investment and the Transferees with reference to, among other things, the funding requirements for the Project and the Transferees' respective shareholding in Shanghai Dongyi Property following completion of the Equity Transfer.

## **GOVERNANCE OF SHANGHAI DONGYI PROPERTY**

Following completion of the Equity Transfer, it is agreed that the board of directors of Shanghai Dongyi Property will consist of seven directors, among which SIUD Healthcare Management is entitled to nominate three directors and each of SIIC Dongtan Investment and Shanghai Huashi is entitled to nominate two directors. Among the three supervisors of Shanghai Dongyi Property, each of SIUD Healthcare Management and SIIC VC has the right to nominate one supervisor while the other one supervisor will be taken up by the staff representative.

## **REASONS FOR AND BENEFITS OF THE TRANSACTIONS**

The Group has been exploring opportunities to expand into the great health care industry in the PRC in view of its potential market prospects. SI Urban Development has begun initiatives on venturing into the great health industry since the second half of 2020 which includes the participation in a joint venture by SIUD Healthcare Management to develop and operate a medical beauty institution in Shanghai, as disclosed in the Company's announcement dated 30 October 2020. Shanghai Dongyi Property is the developer of the Project, which is the proposed construction of a sanatorium on a piece of land it owns in the Chongming district in Shanghai. The Company considers that the Transactions provide SI Urban Development with an excellent opportunity to further its expansion plan in the great health industry, which is in line with the business development strategy of the Group.

The Directors (including the independent non-executive Directors) consider that the Transactions have 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 Equity Transfer Agreement are fair and reasonable and that entering into of the Equity Transfer 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.

## **INFORMATION OF THE PARTIES TO THE EQUITY TRANSFER AGREEMENT**

SIUD Healthcare Management is a company established in the PRC with limited liability and an indirect non-wholly owned subsidiary of the Company. It is principally engaged in real estate development and operation, technology development, provision of medical and health technology consulting services, corporate management, property management and other related services.

SIIC VC is a company established in the PRC with limited liability and a wholly-owned subsidiary of SIIC Shanghai. It is principally engaged in real estate development, real estate operation and management, and provision of consulting services in relation to real estate business.

Shanghai Huashi is a company established in the PRC with limited liability and a wholly-owned subsidiary of Shanghai Pharmaceutical (Group), which is in turn held by SIIC Shanghai and 中國華源集團有限公司 (China Worldbest Group Company Limited\*) (“**China Worldbest**”) as to 60% and 40%, respectively. Shanghai Huashi is principally engaged in real estate development and investment, industrial investment, asset management, economic information consulting, pharmaceutical technology development, financial consulting and other related technological and financial services. China Worldbest is a company established in the PRC with limited liability, which is ultimately controlled by the SASAC and principally engaged in commodities trading and real estate development and management. To the best of the Directors’ knowledge, information and belief having made all reasonable enquiry, SASAC is a third party independent of the Company and its connected persons.

SIIC Dongtan Investment is a company established in the PRC with limited liability and a wholly-owned subsidiary of SIIC Shanghai. It is principally engaged in land development and infrastructure construction in Dongtan, Chongming Island, Shanghai.

SIIC Shanghai is ultimately controlled by the Shanghai SASAC, with SIIC as the authorised representative exercising state-owned shareholder’s right over it, and is principally engaged in investment holding and property investment. SIIC is principally engaged in financial investment, medicine, infrastructure, real estate and consumer products.

## **INFORMATION OF SHANGHAI DONGYI PROPERTY**

Shanghai Dongyi Property is a limited liability company established in the PRC and principally engaged in development and construction of the Project. As at the date of this announcement, it is a

wholly-owned subsidiary of SIIC Dongtan Investment. Shanghai Dongyi Property owns the land use rights to a piece of land with a site area of approximately 77,966 square metres located in the Chongming district in Shanghai. Shanghai Dongyi Property proposes to construct a sanatorium on the site (i.e. the Project). The Project is expected to involve the construction of certain new buildings with a total construction area of approximately 44,943 square metres and the restoration of certain existing buildings located on the site. Shanghai Dongyi Property is responsible for all the funding required for the construction of the Project.

The table below sets out certain audited consolidated financial information of Shanghai Dongyi Property for the two years ended 31 December 2019 and 2020:

	<b>For the year ended 31 December</b>	
	<b>2019</b>	<b>2020</b>
	<i>(RMB)</i>	<i>(RMB)</i>
Revenue	-	-
Net profit before taxation and extraordinary items	16,607	18,471
Net profit after taxation and extraordinary items	13,371	17,547

The audited consolidated net asset value of Shanghai Dongyi Property as at 30 April 2021 was approximately RMB120,216,467.

## **LISTING RULES IMPLICATIONS**

SIIC VC is a wholly-owned subsidiary of SIIC Shanghai, which is in turn 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. Shanghai Huashi is a wholly-owned subsidiary of Shanghai Pharmaceutical (Group), which is in turn a non-wholly owned subsidiary of SIIC Shanghai. SIIC Dongtan Investment is a wholly-owned subsidiary of SIIC Shanghai. Shanghai Dongyi Property is a wholly-owned subsidiary of SIIC Dongtan Investment. As such, each of SIIC VC, Shanghai Huashi, SIIC Dongtan Investment and Shanghai Dongyi Property is an associate of SIIC, and hence a connected person of the Company. The Transactions contemplated under the Equity Transfer Agreement constitute a connected transaction of the Company under Chapter 14A of the Listing Rules.

As one or more of the applicable percentage ratios exceed 0.1% but all of them are less than 5%, the Transactions contemplated under the Equity Transfer Agreement are subject to the reporting and announcement requirements but are exempt from the circular and independent shareholders' approval requirements pursuant to Chapter 14A of the Listing Rules.

None of the Directors had a material interest in the Equity Transfer Agreement or was required to abstain from voting on the relevant Board resolution(s) approving the Equity Transfer 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 Equity Transfer Agreement and the Transactions contemplated thereunder.

## DEFINITIONS

Unless the context otherwise requires, capitalised terms used in this announcement have the following meanings:

“Acquisition”	the acquisition of 40% equity interest in Shanghai Dongyi Property by SIUD Healthcare Management pursuant to the Equity Transfer Agreement
“associate”, “connected person(s)”, “controlling shareholder”, “percentage ratios” and “subsidiary(ies)”	each has the meaning ascribed to it under the Listing Rules
“Board”	the board of Directors
“Capital Contribution”	the expected capital contribution of RMB72,000,000 by SIUD Healthcare Management to the registered capital of Shanghai Dongyi Property
“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)
“Directors”	the directors of the Company
“Equity Transfer”	the transfer of an aggregate of 70% equity interest in Shanghai Dongyi Property pursuant to the Equity Transfer Agreement
“Equity Transfer Agreement”	the equity transfer agreement entered into among the Transferees, SIIC Dongtan Investment and Shanghai Dongyi Property on 15 October 2021 in relation to the Equity Transfer
“Group”	the Company and its subsidiaries from time to time
“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 (excluding, for the purpose of this announcement, Hong Kong, the Macao Special Administrative Region of the PRC and Taiwan)



“Project”	the construction of a sanatorium on the designated site in Shanghai owned by Shanghai Dongyi Property
“RMB”	Renminbi, the lawful currency of the PRC
“Shanghai Dongyi Property”	上海東頤置業有限公司 (Shanghai Dongyi Property Co., Ltd.*), a company established in the PRC with limited liability and a wholly-owned subsidiary of SIIC Dongtan Investment
“Shanghai Huashi”	上海華氏資產經營有限公司 (Shanghai Huashi Asset Management Co., Ltd.*), a company established in the PRC with limited liability and a wholly-owned subsidiary of Shanghai Pharmaceutical (Group)
“Shanghai Pharmaceutical (Group)”	上海醫藥（集團）有限公司 (Shanghai Pharmaceutical (Group) Co., Ltd.*), a company established in the PRC with limited liability and a 60%-owned subsidiary of SIIC Shanghai.
“Shanghai SASAC”	The Shanghai State-owned Assets Supervision and Administration Commission (上海市國有資產監督管理委員會)
“SASAC”	the State-owned Assets Supervision and Administration Commission of the State Council of the PRC (中華人民共和國國務院國有資產監督管理委員會)
“SIIC”	Shanghai Industrial Investment (Holdings) Company Limited, a company incorporated in Hong Kong with limited liability and a controlling shareholder of the Company
“SIIC Dongtan Investment”	上海實業東灘投資開發（集團）有限公司 (SIIC Dongtan Investment & Development (Holdings) Co., Ltd.*), a company established in the PRC with limited liability and a wholly-owned subsidiary of SIIC Shanghai
“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
“SIIC VC”	上海上實創業投資有限公司 (SIIC Shanghai Venture Capital Co., Ltd.*), a company established in the PRC with limited liability and a wholly-owned subsidiary of SIIC Shanghai

“SIUD Healthcare Management”	上實城開（上海）大健康管理有限公司 (Shanghai Industrial Urban Development (Shanghai) Healthcare Management Co., Ltd.*), a company established in the PRC with limited liability and an indirect non-wholly owned subsidiary of the Company
“SI Urban Development”	Shanghai Industrial Urban Development Group Limited, a company incorporated in Bermuda with limited liability whose shares are listed on the Main Board of the Stock Exchange (Stock Code: 563) and a non-wholly owned subsidiary of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Transactions”	collectively, the Acquisition and the Capital Contribution
“Transferees”	collectively, SIUD Healthcare Management, SIIC VC and Shanghai Huashi, and each a “Transferee”
“%”	per cent

*\*For identification purposes only.*

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

Hong Kong, 15 October 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*