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

**FURTHER UPDATE ON  
MAJOR TRANSACTION  
IN RELATION TO  
ACQUISITION OF LAND USE RIGHTS OF LAND PARCELS  
IN SHANGHAI, THE PRC BY THE TENDER CONSORTIUM  
AND  
FURTHER DELAY IN DESPATCH OF CIRCULAR**

Reference is made to the announcement of Shanghai Industrial Holdings Limited (the “**Company**”) dated 8 May 2021 in relation to the acquisition of land use rights of land parcels in Shanghai, the PRC and the subsequent announcements of the Company dated 27 May 2021, 18 June 2021, 29 July 2021, 15 September 2021, 28 October 2021, 14 December 2021 and 28 January 2022, respectively, in relation to the delay in despatch of circular. Unless otherwise defined, capitalised terms used herein shall have the same meanings as those defined in the aforesaid announcements.

On 2 March 2022, SI Development, a non-wholly-owned subsidiary of the Company, Shanghai Chengqing Real Estate Company Limited\* (上海城青置業有限公司) (“**Shanghai Chengqing**”, a wholly-owned subsidiary of Shanghai Municipal Investment) and Shanghai Beijiu Enterprise Management Partnership (Limited Partnership)\* (上海北玖企業管理合夥企業(有限合伙)) (“**Shanghai Beijiu**”, a limited partnership wholly-owned by Shanghai Construction Group) (collectively, the “**JV Partners**”) entered into a joint venture agreement (the “**JV Agreement**”) to set up a joint venture company (the “**JV Company**”) for the development of the Land and the related construction and business operation.

**The JV Agreement**

The principal terms of the JV Agreement are summarised as follows:

Date: 2 March 2022

Parties, Capital contribution and shareholding:	<ul style="list-style-type: none"> <li>(i) SI Development;</li> <li>(ii) Shanghai Chengqing; and</li> <li>(iii) Shanghai Beijiu.</li> </ul>
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To the best of the Directors' knowledge, information and belief, and having made all reasonable enquiries, Shanghai Chengqing and Shanghai Beijiu and their respective ultimate beneficial owner are third parties independent of and not connected with the Group and its connected persons in accordance with the Listing Rules.

Pursuant to the JV Agreement, SI Development, Shanghai Chengqing and Shanghai Beijiu will contribute RMB4,800,000,000, RMB3,360,000,000 and RMB1,440,000,000 respectively, representing 50%, 35% and 15% of the registered capital of the JV Company respectively.

The JV Company will be owned as to 50% by SI Development, 35% by Shanghai Chengqing and 15% by Shanghai Beijiu upon formation of the JV Company.

The JV Partners shall pay up the amount of capital contribution in proportion to their respective equity interest according to the actual funding requirement of the JV Company, and shall settle all the capital contribution before 31 December 2024. The capital contribution to be made to the JV Company by SI Development will be funded by its internal resources, shareholders' loan and/or external borrowings.

Principal business of the JV Company:	Real estate development, construction and operation, property management, leasing, exhibition services, business consulting, domestic trade, import and export of goods and technology, etc.
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The formation of the JV Company is for the single purpose relating to the Land Acquisition and/or development of a specific property which is consistent with the purpose specified in the confirmation notification and the Land Use Rights Grant Contract relating to the Land Acquisition.

The total registered capital of the JV Company:	RMB9,600,000,000.
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The amount of the registered capital of the JV Company was determined with reference to (i) the Consideration; and (ii) the estimated costs for acquisition and development of the Land and operation of the JV Company. The registered capital of the JV Company will be used for paying the Consideration of the Land Acquisition, taxes, certain preliminary work costs and management fees of the JV Company.

Dividend and distribution policy:	The JV Company shall distribute net profits to the JV Partners in proportion to their respective paid up capital made by the JV Partners to the JV Company.
Composition of the board of directors:	The board of directors of the JV Company shall comprise seven directors, including three directors to be nominated by SI Development, two directors to be nominated by Shanghai Chengqing, one director to be nominated by Shanghai Beijiu, and one staff representative.
Composition of the board of supervisors:	The board of supervisors of the JV Company shall comprise five supervisors, including one supervisor to be appointed by each of SI Development, Shanghai Chengqing and Shanghai Beijiu, and two staff representatives.
Matters requiring unanimous consent:	<p>The JV Company must not, inter alia, without the unanimous consent of all the JV Partners:</p> <ul style="list-style-type: none"> <li>(i) change the nature or scope of its business, and if there are changes then they must still be consistent with the scope or purpose specified in the confirmation notification and the Land Use Rights Grant Contract relating to the Land Acquisition; or</li> <li>(ii) enter into any transactions which are not on an arm's length basis.</li> </ul>
Restriction on transfer of equity interest in the JV Company:	Shareholders of the JV Company may transfer all or part of their equity interest in the JV Company to other shareholders of the JV Company. Subject to and unless otherwise permitted by the terms and conditions of the JV Agreement, a shareholder of the JV Company shall not transfer or pledge all or part of its equity interests in the JV Company to another party who is not a shareholder of the JV Company unless with the prior written consent of all the other shareholders of the JV Company. In the event that a shareholder of the JV Company proposes to transfer all or part of its equity interest in the JV Company, the other shareholders of the JV Company shall have a right of first refusal to such equity interest.

## INFORMATION OF THE GROUP

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.

## **INFORMATION ON SHANGHAI CHENGQING AND SHANGHAI BEIJU**

Shanghai Chengqing is a limited liability company established in the PRC and is principally engaged in real estate development, non-residential real estate leasing, hotel management and property management. Shanghai Beiju is a limited partnership established in the PRC and is principally engaged in enterprise management, information consulting services, financial consulting, marketing planning, engineering cost consulting business.

## **REASONS FOR AND BENEFITS OF THE FORMATION OF JV COMPANY**

The formation of the JV Company is solely for the development of the Land and the related construction and business operation and will be beneficial to SI Development as the other JV Partners will also share the investment risks of SI Development in holding the JV Company, and allow SI Development to benefit from the investment in the property development on the Land through the JV Company.

The Board confirm that the Land Acquisition and the formation of the JV Company are in the Group's ordinary and usual course of business, and that the Land Acquisition and the JV Company, including its financing and profit distribution arrangements, are on normal commercial terms, 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 in respect of the formation of the JV Company (in which the capital contribution of SI Development includes the Consideration 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 formation of the JV Company, 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.

The Land Acquisition is undertaken by the Group via SI Development on a joint basis with the JV Partners. According to the JV Agreement which is prepared on an arm's length basis and on normal commercial terms, the JV Company was established for the single purpose relating to the Land Acquisition and/or development of a specific property which is consistent with the purpose specified in the confirmation notification and the Land Use Rights Grant Contract relating to the Land Acquisition. The JV Agreement also contains clauses that the JV Company must not, without the

unanimous consent of the JV Partners, (i) change the nature or scope of its business, and if there are changes then they must still be consistent with the scope or purpose specified in the confirmation notification and the Land Use Rights Grant Contract relating to the Land Acquisition; or (ii) enter into any transactions which are not on an arm's length basis. Given that the JV Agreement is in compliance with Rule 14.33A of the Listing Rules, 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 DELAY IN DESPATCH OF CIRCULAR**

As disclosed in the announcement of the Company dated 28 January 2022, a circular (the “**Circular**”) containing, among other things, (i) further details of the Land Acquisition; and (ii) financial information of the Group is expected to be despatched to the shareholders of the Company on or before 15 March 2022. As additional time is required for the Company to prepare the information of the Land and finalise certain financial information, including the statements as to the indebtedness and the sufficiency of working capital, for inclusion in the Circular, it is currently expected that the date of despatch of the Circular will be postponed to a date falling on or before 30 April] 2022.

*\* For identification purpose only.*

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

Hong Kong, 2 March 2022

*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*