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*(Incorporated in Hong Kong with limited liability)*

**(Stock Code: 363)**

## **CONNECTED TRANSACTION**

### **FORMATION OF JOINT VENTURE COMPANY IN SHANGHAI**

The Company is pleased to announce that on 26 September 2019, Shanghai Jiyun (a wholly-owned subsidiary of the Company), Shangtou Asset and Shanghai Galaxy jointly established the JV Company in Shanghai, the PRC for the purposes of undertaking the Business.

As at the date of this announcement, SIIC is the controlling shareholder of the Company holding approximately 61.22% of the entire issued share capital of the Company, and is therefore a connected person of the Company. SIIC (through its wholly-owned subsidiary) holds 10% of the registered capital of Shanghai Galaxy and exercises the authority as a state-owned shareholder of SIIC Shanghai, which in turn is a state-owned enterprise holding 45% of the registered capital of Shanghai Galaxy and the entire registered capital of Shangtou Asset. Therefore, each of Shangtou Asset and Shanghai Galaxy is an associate of SIIC and a connected person of the Company. Accordingly, the Formation of JV constitutes a connected transaction of the Company under Chapter 14A of the Listing Rules.

As the highest applicable percentage ratio calculated under Rule 14.07 of the Listing Rules in respect of the Formation of JV exceeds 0.1% but is less than 5%, the Formation of JV is subject to the reporting and announcement requirements, but is exempt from the independent shareholders' approval requirement under Chapter 14A of the Listing Rules.

### **FORMATION OF THE JV COMPANY**

The Company is pleased to announce that on 26 September 2019, Shanghai Jiyun (a wholly-owned subsidiary of the Company), Shangtou Asset and Shanghai Galaxy jointly established the JV Company in Shanghai, the PRC for the purposes of undertaking the Business.

The JV Company is principally engaged in the management of assets and investments (the "Business").

The JV Company was formed pursuant to the JV Agreement entered into between Shanghai Jiyun, Shangtou Asset and Shanghai Galaxy on 26 September 2019. Pursuant to the JV Agreement, the current structure of the registered capital of the JV Company is as follows:

<b>Parties</b>	<b>Registered Capital Contribution (RMB)</b>	<b>Shareholding Percentage</b>
Shanghai Jiyun	30,000,000	30%
Shangtou Asset	30,000,000	30%
Shanghai Galaxy	40,000,000	40%
<b>Current total registered capital</b>	100,000,000	100%

Pursuant to the JV Agreement, the parties agreed that the registered capital of the JV Company in the sum of RMB100,000,000 shall be paid up in cash in the following manner:

1. amounts of RMB9,000,000 and RMB21,000,000 to be paid before 31 December 2019 and 31 December 2022 respectively by each of Shanghai Jiyun and Shangtou Asset; and
2. amounts of RMB12,000,000 and RMB28,000,000 to be paid before 31 December 2019 and 31 December 2022 respectively by Shanghai Galaxy.

The respective contribution to the registered capital of the JV Company is determined after arm's length negotiations between the parties with reference to the proposed capital requirements of the JV Company and the parties' proportionate interests therein. The capital contribution of Shanghai Jiyun in the JV Company will be funded by internal resources.

The board of directors of the JV Company comprises three members, who shall be elected at the shareholders' meeting of the JV Company. Members of the board of directors of the JV Company shall elect a chairperson, who shall act as the legal representative of the JV Company.

The JV Company shall also have a board of supervisors which comprises three supervisors, two of whom shall be elected at the shareholders' meeting of the JV Company and one of whom shall be elected by the employees of the JV Company. The board of supervisors shall have a chairperson, who shall be elected by the members of the board of supervisors.

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

The JV Company was formed for the purpose of undertaking assets and investment management in the PRC. It is expected that the investment projects undertaken via the JV Company will strengthen the Group's strategy for continuous expansion of its infrastructure facilities business, especially those in the environmental protection-related industry and provide relatively stable and long-term gains.

The Directors (including the independent non-executive Directors) consider that the Formation of JV is in the ordinary and usual course of business of the Group, and its terms are normal commercial terms, which are fair and reasonable and in the interests of the Company and its shareholders as a whole. None of the Directors has a material interest in the Formation of JV and no Director is required to abstain from voting on the board resolution(s) approving the same. However, Mr. Shen Xiao Chu, an executive director and the chairman of SIIC; Mr. Zhou Jun, an executive director and the president of SIIC and also a director and the chairman of Shanghai Galaxy; and Mr. Xu Bo, an executive director and a vice president of SIIC, have voluntarily abstained from voting.

## **GENERAL**

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

Shanghai Jiyun is principally engaged in investment holding.

Shangtou Asset is a company established in the PRC and is principally engaged in investment and investment management in the PRC.

Shanghai Galaxy is principally engaged in business investment, asset management and other consultation businesses. Over the past few years, Shanghai Galaxy has been actively exploring new business areas, and investing in the environmental-related industry in particular.

## **LISTING RULES IMPLICATIONS**

As at the date of this announcement, SIIC is the controlling shareholder of the Company holding approximately 61.22% of the entire issued capital of the Company, and is therefore a connected person of the Company. SIIC (through its wholly-owned subsidiary) holds 10% of the registered capital of Shanghai Galaxy and exercises the authority as a state-owned shareholder of SIIC Shanghai, which in turn is a state-owned enterprise holding 45% of the registered capital of Shanghai Galaxy and the entire registered capital of Shangtou Asset. Therefore, each of Shangtou Asset and Shanghai Galaxy is an associate of SIIC and a connected person of the Company. Accordingly, the Formation of JV constitutes a connected transaction of the Company under Chapter 14A of the Listing Rules.

As the highest applicable percentage ratio calculated under Rule 14.07 of the Listing Rules in respect of the Formation of JV exceeds 0.1% but is less than 5%, the Formation of JV is subject to the reporting and announcement requirements, but is exempt from the independent shareholders' approval requirement under Chapter 14A of the Listing Rules.

## DEFINITIONS

In this announcement, unless the context requires otherwise, the following terms shall have the following meanings:

“associate”, “connected person”, “subsidiary(ies)”	each has the meaning ascribed to it under the Listing Rules
“Board”	the board of directors of the Company
“Business”	as defined in the section headed “Formation of the JV Company” in this announcement
“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
“Director(s)”	directors of the Company
“Formation of JV”	the formation of the JV Company contemplated under the JV Agreement
“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“JV Agreement”	the joint venture agreement entered into among Shanghai Jiyun, Shangtou Asset and Shanghai Galaxy on 26 September 2019 in relation to the formation of the JV Company
“JV Company”	上實綠色產業投資管理（上海）有限公司 (Shanghai Industrial Green Industry Investment Management Co., Ltd.*), a joint venture company with limited liability established in the PRC on 26 September 2019
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“PRC”	the People’s Republic of China (for the purpose of this announcement only, excluding Hong Kong, the Macao Special Administrative Region of the PRC and Taiwan)
“RMB”	Renminbi, the lawful currency of the PRC

“Shanghai Galaxy”	上海星河數碼投資有限公司 (Shanghai Galaxy Investment Co., Ltd.*), a sino-foreign joint venture established in the PRC with limited liability of which 45% equity interest is indirectly held by the Company, 45% equity interest is held by SIIC Shanghai and 10% equity interest is indirectly held by SIIC
“Shanghai Jiyun”	上海躋云基礎建設有限公司 (Shanghai Jiyun Infrastructure Construction Co., Ltd.*), a company established in the PRC with limited liability and a wholly-owned subsidiary of the Company
“Shangtou Asset”	上海上投資產經營有限公司 (Shanghai Shangtou Asset Operations Co., Ltd.*), a company established in the PRC with limited liability
“SIIC”	Shanghai Industrial Investment (Holdings) Company Limited, a company incorporated in Hong Kong with limited liability and the controlling shareholder of the Company
“SIIC Shanghai”	上海上實 (集團) 有限公司 (SIIC Shanghai Holdings Co., Ltd.*), a company incorporated in the PRC with limited liability with SIIC as the authorised representative exercising state-owned shareholder’s right over it
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“%”	per cent.

*\*For identification purposes only.*

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

Hong Kong, 26 September 2019

*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*