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(Incorporated in Hong Kong with limited liability)

(Stock Code: 363)

DISCLOSEABLE TRANSACTION

ACQUISITION OF LAND USE RIGHT OF THE LAND PURSUANT TO THE JOINT VENTURE ARRANGEMENT

The Board is pleased to announce that the Project Company successfully bid the land use right of the Land situated at Xuhui District, Shanghai, the PRC at the Consideration of RMB4,628,000,000. On 2 January 2020, the Project Company entered into the Land Use Right Grant Contract with Shanghai Xuhui Planning and Land Resources Administration* (上海市徐匯區規劃和自然資源局) in relation to the Land Acquisition.

The Project Company was established pursuant to the Cooperation Agreement dated 27 December 2019 for the purposes of acquisition of land use right and development of the Land, and is held by SSUD (an indirect subsidiary of the Company), Shanghai Nuozechuo (a joint venture company held as to 50% by the Group through SUD), SAST and the SAST Subsidiary as to 5%, 55%, 0.11% and 39.89%, respectively. Pursuant to the Cooperation Agreement, the total registered capital of the Project Company is RMB4,700,000,000, which shall be contributed by JV Partners in proportion to their respective equity interests in the Project Company. By virtue of the Group's interests in SSUD and Shanghai Nuozechuo, the aggregate equity interests of the Group in the Project Company is approximately 32.5% and the aggregate capital commitment of the Group under the Cooperation Agreement shall be RMB1,527,500,000.

As one or more of the applicable percentage ratios calculated under Rule 14.07 of the Listing Rules in respect of the aggregate capital commitment of the Group under the Cooperation Agreement exceed 5% but none of them exceed 25%, the Transaction constitutes a discloseable transaction under Chapter 14 of the Listing Rules and is subject to the reporting and announcement requirements but is exempt from the shareholders' approval requirement under Chapter 14 of the Listing Rules.

ACQUISITION OF LAND USE RIGHT OF THE LAND

The Board is pleased to announce that the Project Company successfully bid the land use right of the Land situated at Xuhui District, Shanghai, the PRC at the Consideration of RMB4,628,000,000. On 2 January 2020, the Project Company entered into the Land Use Right Grant Contract with Shanghai Xuhui Planning and Land Resources Administration* (上海市徐匯區規劃和自然資源局) in relation to the Land Acquisition.

The Project Company was established pursuant to the Cooperation Agreement dated 27 December 2019 for the purposes of acquisition of land use right and development of the Land, and is held by SSUD (an indirect subsidiary of the Company), Shanghai Nuozechuo (a joint venture company held as to 50% by the Group through SUD), SAST and the SAST Subsidiary as to 5%, 55%, 0.11% and 39.89%, respectively.

Details of the Land

The Land is situated at Hong Mei Block, Xuhui District, Shanghai, the PRC (中國上海市徐匯區虹梅街道) with a total site area of approximately 91,000 sq.m. and an estimated gross floor area of approximately 510,000 sq.m., comprising an above-ground gross floor area of approximately 350,000 sq.m. and a below-ground gross floor area of approximately 160,000 sq.m.. The Land is designed to be used for scientific research and design with a term of 50 years and residential rental housing with a term of 70 years.

Consideration of the Land Acquisition

Pursuant to the Land Use Right Grant Contract, the Consideration amounts to RMB4,628,000,000, which shall be paid by the Project Company in the following manner:

- (1) 20% of the Consideration, being the deposit for the Land Acquisition, shall be settled within five Business Days from the date of the Land Use Right Grant Contract (i.e. on or before 8 January 2020);
- (2) 30% of the Consideration shall be settled within 30 Business Days from the date of the Land Use Right Grant Contract (i.e. on or before 17 February 2020); and
- (3) the remainder of the Consideration, along with the accrued interest from the due date of the second instalment mentioned in the sub-paragraph (2) above, shall be settled within 90 Business Days from the date of the Land Use Right Grant Contract (i.e. on or before 13 May 2020).

The Consideration was arrived at through public bidding after taking into account the minimum bid price and the location of the Land. The Consideration shall be settled by the Project Company with its registered capital contributed by the JV Partners in proportion to their respective equity interests in the Project Company pursuant to the Cooperation Agreement.

THE COOPERATION AGREEMENT

Date

27 December 2019

Parties

- (1) SSUD, an indirect subsidiary of the Company;
- (2) Shanghai Nuozechuo, a joint venture company held as to 50% by the Group;
- (3) SAST; and
- (4) the SAST Subsidiary.

To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, as at the date of this announcement, each of SAST, the SAST Subsidiary and their respective ultimate beneficial owners is a third party independent of the Company and its connected persons.

Shareholding structure and capital commitment

Pursuant to the Cooperation Agreement, the total registered capital of the Project Company shall be RMB4,700,000,000, which shall be contributed by the JV Partners in accordance with their respective equity interests in the Project Company. By virtue of the Group's interests in SSUD and Shanghai Nuozechuo, the aggregate equity interests of the Group in the Project Company is approximately 32.5% and the aggregate capital commitment of the Group under the Cooperation Agreement shall be RMB1,527,500,000. The shareholding structure of the Project Company is as follows:

JV Partners	Capital Contribution (RMB)	Approximate Shareholding Percentage
SSUD	235,000,000	5.00%
Shanghai Nuozechuo	2,585,000,000	55.00%
SAST	5,000,000	0.11%
SAST Subsidiary	1,875,000,000	39.89%
Total	4,700,000,000	100.00%

The amount of capital contribution under the Cooperation Agreement was determined after arm's length negotiation between the JV Partners with reference to, among others, the Consideration and the JV Partners' respective equity interests in the Project Company. It is expected that the capital commitment of the Group under the Cooperation Agreement will be financed by internal resources .

The registered capital of the Project Company shall mainly be used as funding for the payment of the Consideration. If the registered capital of the Project Company is insufficient to cover the costs arising from the Land Acquisition, the JV Partners shall provide additional funding in proportion to their respective equity interests in the Project Company by way of capital contribution or otherwise as agreed among the JV Partners.

The capital contribution to the Project Company shall be made by the JV Partners in cash before 30 June 2020 based on the schedule for payment of the Consideration under the Land Use Right Grant Contract.

Composition of the board of directors

The board of directors of the Project Company shall consist of five directors, among which Shanghai Nuozechu is entitled to nominate two directors and each of SSUD, SAST and the SAST Subsidiary is entitled to nominate one director. The chairman of the board of directors of the Project Company shall be nominated by SAST. Each of SSUD and Shanghai Nuozechu is entitled to nominate one vice-chairman of the board of directors.

Distribution of profits

The JV Partners shall be entitled to share the profits of the Project Company in proportion to their respective equity interests in the Project Company.

Restriction on transfer of equity interests in the Project Company

Unless with the prior unanimous written consent of all the JV Partners or otherwise as agreed in the Cooperation Agreement, if any JV Partner wishes to transfer or charge its equity interest in the Project Company or any part thereof, it shall keep the other JV Partners informed of the proposed transfer or charge and grant a right of first refusal to the other JV Partners under the same conditions.

Other Matters Requiring Unanimous Consent of the JV Partners

The Project Company may not, without the unanimous consent of all the JV Partners:

- (1) change the nature or scope of its business, and if there are changes, the nature or scope of its business must still be consistent with the scope or purpose specified in the Land Use Right Grant Contract; or
- (2) enter into any transaction which is not on an arm's length basis.

INFORMATION ON THE PROJECT COMPANY

The Project Company is principally engaged in holding land use rights and the development of the Land. As the Project Company is a newly established company, no financial information or past performance of the Project Company is available for disclosure in the announcement.

REASONS FOR AND BENEFITS OF THE FORMATION OF JV

The Land is located in Xuhui District, which is a core urban district in the south-western part of the Shanghai City and has been developed as a commercial centre and a science and technology hub. It is expected that the Land will be located in proximity to the intersection of the existing line 9 and the future line 15 of the Shanghai Metro and the high level of accessibility of the area would support future rental return and property value of the properties to be built on the Land. In view of the government policies regarding technological development, the location and the designated uses of the Land, the Directors consider that the formation of the Project Company for the purposes of acquisition of land use right and development of the Land would provide a valuable investment opportunity and is in line with the business development strategy and planning of the Group.

The Directors (including the independent non-executive Directors) consider that although the formation of the Project Company is not in the ordinary and usual course of business of the Group, the terms of the Cooperation Agreement are on normal commercial terms, and are fair and reasonable and in the interests of the Company and its shareholders as a whole.

INFORMATION ON THE PARTIES TO THE JV AGREEMENT

The Group is principally engaged in the businesses of infrastructure facilities, real estate and consumer products. As at the date of this announcement, SIIC is the controlling shareholder of the Company holding approximately 61.60% of the entire issued share capital of the Company.

SSUD is an investment holding company, the subsidiaries of which are mainly engaged in property development in the PRC. As at the date of this announcement, it is a wholly-owned subsidiary of SIUD and therefore an indirect subsidiary of the Company.

Shanghai Nuozhuo was established as an investment holding company holding 55% equity interest in the Project Company. As at the date of this announcement, it is a joint venture of the Group owned as to 50% by SUD (being a non-wholly owned subsidiary of SIUD, which in turn is a non-wholly owned subsidiary of the Company) and 50% by an independent third party.

SAST is principally engaged in the research and development of aerospace and air defense technology in the PRC. As at the date of this announcement, SAST is a state-owned entity established in the PRC under China Aerospace Science and Technology Corporation.

The SAST Subsidiary is principally engaged in the development of information and communications technology. As at the date of this announcement, the SAST Subsidiary is a wholly-owned subsidiary of SAST.

LISTING RULES IMPLICATIONS

As one or more of the applicable percentage ratios calculated under Rule 14.07 of the Listing Rules in respect of the aggregate capital commitment of the Group under the Cooperation Agreement exceed 5% but none of them exceed 25%, the Transaction constitutes a discloseable transaction

under Chapter 14 of the Listing Rules and is subject to the reporting and announcement requirements but is exempt from the shareholders' approval requirement under Chapter 14 of the Listing Rules.

DEFINITIONS

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

“Board”	the board of Directors
“Business Day(s)”	day(s) on which commercial banks in the PRC are generally open for business
“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
“connected persons”, “controlling shareholder” “subsidiary(ies)”	each has the meaning ascribed to it under the Listing Rules
“Consideration”	the consideration for the Land Acquisition in the amount of RMB4,628,000,000 pursuant to the Land Use Right Grant Contract
“Cooperation Agreement”	the shareholders' cooperation agreement dated 27 December 2019 entered into between SSUD, Shanghai Nuozhuo, SAST and the SAST Subsidiary in relation to the formation of the Project Company for the purposes of acquisition of land use right and development of the Land
“Director(s)”	director(s) of the Company
“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“JV Partner(s)”	party(ies) to the Cooperation Agreement
“Land”	the land situated at Hong Mei Block, Xuhui District, Shanghai, the PRC (中國上海市徐匯區虹梅街道) with a total site area of approximately 91,000 sq.m.
“Land Acquisition”	the acquisition of the land use right in respect of the Land

“Land Use Right Grant Contract”	State-owned Land Use Right Grant Contract* (國有土地使用權出讓合同) dated 2 January 2020 entered into between the Project Company and Shanghai Xuhui Planning and Land Resources Administration* (上海市徐匯區規劃和自然資源局) 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 (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
“Project Company”	上海天宇實宏企業發展有限公司 (Shanghai Tianyu Shihong Enterprise Development Company Limited*), a company established in the PRC by the JV Partners pursuant to the Cooperation Agreement
“SAST”	Shanghai Academy of Spaceflight Technology, a stated-owned entity established in the PRC under the China Aerospace Science and Technology Corporation
“SAST Subsidiary”	上海航天科創企業發展有限公司 (Shanghai Aerospace Technology Enterprise Development Limited*), a company established in the PRC with limited liability and wholly-owned subsidiary by SAST
“Shanghai Nuozhuo”	上海諾卓企業管理有限公司 (Shanghai Nuozhuo Enterprise Management Company Limited*), a joint venture established in the PRC and owned as to 50% by SUD and 50% by an independent third party
“SIIC”	Shanghai Industrial Investment (Holdings) Company Limited, a company incorporated in Hong Kong with limited liability and the controlling shareholder of the Company
“SIUD”	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 the Company is its controlling shareholder
“sq.m.”	square metre(s)

“SSUD”	上實城開（上海）城市建設開發有限公司 (Shangshi Urban Development (Shanghai) City Construction and Development Company Limited*), a company established in the PRC with limited liability, an indirect subsidiary of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“SUD”	上海城開（集團）有限公司 (Shanghai Urban Development (Holdings) Co., Ltd.*), a company established in the PRC with limited liability and an indirect subsidiary of the Company
“Transaction”	the transactions contemplated under the Cooperation Agreement for the purposes of acquisition of land use right and development of the Land
“%”	per cent.

* For identification purposes only.

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

Hong Kong, 2 January 2020

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