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*(Incorporated in Hong Kong with limited liability)*

**(Stock Code: 363)**

## **MAJOR TRANSACTION**

### **DISPOSAL OF EQUITY INTEREST AND SHAREHOLDER'S LOAN IN A SUBSIDIARY**

#### **THE DISPOSAL**

Shanghai Hongsheng, SI Development (both being indirect non-wholly owned subsidiaries of the Company) and Sen Mansion offered to sell (a) the Equity Interest, representing 90% equity interest in Shanghai Shisen; (b) the Shareholder's Loan owed by Shanghai Shisen to SI Development in the principal amount of RMB4,316,285,803.37; and (c) the shareholder's loan owed by Shanghai Shisen to Sen Mansion in the principal amount of RMB422,431,400, through the Public Tender on the Shanghai Assets Exchange during the Public Tender Period with the Minimum Bidding Price.

On 19 December 2022, the Buyer, as the sole bidder, succeeded in the open bid in respect of the Equity Interest and the Shareholder's Loan for a consideration of RMB291,431,800 and RMB4,316,285,803.37 respectively. Accordingly, Shanghai Hongsheng, SI Development and the Buyer will enter into the respective Transfer Agreements with respect to the Disposal.

Upon completion of the Disposal, the equity interest of Shanghai Shisen will be directly owned as to 90% by the Buyer and 10% by Shanghai Hongsheng. Accordingly, Shanghai Shisen will cease to be a subsidiary of each of SI Development and the Company. The financial results of Shanghai Shisen will no longer be consolidated into the financial statements of the Group following completion of the Disposal.

#### **LISTING RULES IMPLICATIONS**

As the highest applicable percentage ratio in respect of the Disposal exceed 25% but all of them are less than 75%, the Disposal constitutes a major transaction of the Company. Accordingly, the Disposal is subject to the reporting, announcement, circular and shareholders' approval requirements under Chapter 14 of the Listing Rules.

To the best of the knowledge, information and belief of the Directors having made all reasonable enquiries, no Shareholder is required to abstain from voting under the Listing Rules if the Company were to convene an extraordinary general meeting for the approval of the Disposal.

As at the date of this announcement, SIIC through its subsidiaries, namely Shanghai Investment Holdings Limited, SIIC Capital (B.V.I.) Limited, Shanghai Industrial Financial Holdings (Hong Kong) Company Limited, SIIC Trading Company Limited and SIIC CM Development Limited, holds 685,410,748 Shares, representing approximately 63.04% of the issued share capital of the Company. The Company will obtain the written approval of the above-mentioned subsidiaries of SIIC on the Transfer Agreements and the Disposal pursuant to Rule 14.44 of the Listing Rules. As a result, no extraordinary general meeting will be convened to consider the Disposal.

A circular containing, amongst other things, further information on the Disposal, a valuation report of the property interests held by Shanghai Shisen and other information as required under the Listing Rules will be despatched to the Shareholders on or before 12 January 2023.

## THE BACKGROUND

Shanghai Hongsheng, SI Development (both being indirect non-wholly owned subsidiaries of the Company) and Sen Mansion offered to sell (a) the Equity Interest, representing 90% equity interest in Shanghai Shisen; (b) the Shareholder's Loan owed by Shanghai Shisen to SI Development in the principal amount of RMB4,316,285,803.37; and (c) the shareholder's loan owed by Shanghai Shisen to Sen Mansion in the principal amount of RMB422,431,400, through the Public Tender on the Shanghai Assets Exchange during the period from 7 November 2022 to 2 December 2022 (the "**Public Tender Period**") with a minimum bidding price of RMB5,030,149,003.37 (the "**Minimum Bidding Price**").

## THE DISPOSAL

On 19 December 2022, the Buyer, as the sole bidder, succeeded in the open bid in respect of the Equity Interest and the Shareholder's Loan for a consideration of RMB291,431,800 and RMB4,316,285,803.37 respectively. Accordingly, Shanghai Hongsheng, SI Development and the Buyer will enter into the respective Transfer Agreements with respect to the Disposal.

To the best of the knowledge, information and belief of the Directors having made all reasonable enquiries, the Buyer and its ultimate beneficial owner(s) are third parties independent of the Company and its connected persons.

Given the Equity Interest and the Shareholder's Loan are regarded as state-owned assets under the relevant PRC rules, the transfer of the Equity Interest and the Shareholder's Loan were subject to the Public Tender through the Shanghai Assets Exchange with the Minimum Bidding Price which was determined with reference to the factors as further set out in the paragraph headed "Consideration and Payment Terms" in this announcement.

The Public Tender was conducted in accordance with the relevant laws and regulations of the PRC, and took place during the Public Tender Period. During the Public Tender Period, interested bidders were invited to indicate their intention to purchase the Equity Interest and the Shareholder's Loan and register themselves as an interested bidder. Pursuant to the terms of the Public Tender, in the event of receiving a sole bid, the sole bidder may still be selected as the winning bidder as long as the Minimum Bidding Price is met. The Buyer, as the sole bidder, succeeded in the open bid in respect of the Equity Interest and the Shareholder's Loan.

### **Consideration and Payment Terms**

The Consideration for the Disposal is RMB4,607,717,603.37, of which RMB291,431,800 is attributable to the Equity Interest and RMB 4,316,285,803.37 is attributable to the Shareholder's Loan.

The Consideration is the outcome of the Public Tender which was accepted by the Group with reference to (1) the appraised value of the Equity Interest as at 30 April 2022, being approximately RMB291,431,800, based on the valuation report issued by an independent professional valuer, and (2) the Shareholder's Loan in the principal amount of RMB4,316,285,803.37.

RMB291,431,800 and RMB4,316,285,803.37 of the Consideration shall be payable by the Buyer to Shanghai Hongsheng and SI Development respectively for the transfer of the Equity Interest and the Shareholder's Loan in cash through payment to the Shanghai Assets Exchange within five working days after the signing of the Transfer Agreements, which is expected to be no later than 31 December 2022, after deducting the deposit paid by the Buyer to the Shanghai Assets Exchange in the amount of RMB87,420,000 and RMB1,294,885,740 respectively.

### **Completion**

Completion of the transfer of the Equity Interest will take place on a date after Shanghai Hongsheng having received the consideration for the transfer of the Equity Interest and within five working days after the Shanghai Assets Exchange having issued the equity transfer certificate, which is expected to be on or before 15 January 2023.

Completion of the transfer of the Shareholder's Loan will take place on a date after SI Development having received the consideration for the transfer of the Shareholder's Loan, which is expected to be on or before 15 January 2023.

Upon completion of the Disposal, the equity interest of Shanghai Shisen will be directly owned as to 90% by the Buyer and 10% by Shanghai Hongsheng. Accordingly, Shanghai Shisen will cease to be a subsidiary of each of SI Development and the Company. The financial results of Shanghai Shisen will no longer be consolidated into the financial statements of the Group following completion of the Disposal.

Shanghai Ruiyi and SI North Bund may thereafter dispose their remaining equity interest in Shanghai Hongsheng.

## INFORMATION OF SHANGHAI SHISEN

Shanghai Shisen is a limited liability company established in the PRC. As at the date of this announcement, it is a wholly-owned subsidiary of Shanghai Hongsheng, which is in turn owned as to approximately 45.9%, 44.1% and 10% by Shanghai Ruiyi, SI North Bund and Sen Mansion, respectively. Shanghai Shisen is principally engaged in property development and operation, property management, industrial investment, marketing planning, and sales of construction and decoration materials, metal materials and wood.

Shanghai Shisen is a project company of SI Development for the development of the Land on the North Bund in Hongkou District, Shanghai, the PRC for office and commercial use. It obtained the land use rights of the Land through the public auction process in November 2015. The Land occupies an area of approximately 23,037 sq.m., with a planned gross floor area of approximately 126,705 sq.m. and a total gross floor area of approximately 230,568 sq.m.. The structural topping out for buildings on the Land has been completed. It is expected that the completion inspection and filing certificate can be obtained before 31 March 2023.

The table below sets out certain audited financial information of Shanghai Shisen for the years ended 31 December 2020 and 2021:

	<b>For the year ended 31 December</b>	
	<b>2020</b>	<b>2021</b>
	<i>(RMB)</i>	<i>(RMB)</i>
Net loss before taxation and extraordinary items	(6,071,509)	(4,598,562)
Net loss after taxation and extraordinary items	(6,071,509)	(4,598,562)

The audited net asset value of Shanghai Shisen as at 30 April 2022 was approximately RMB121,416,000.

## INFORMATION OF THE GROUP

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

As at the date of this announcement, each of Shanghai Ruiyi and SI North Bund, which owns as to approximately 45.9% and 44.1% equity interest in Shanghai Hongsheng respectively, is a wholly-owned subsidiary of SI Development. Accordingly, Shanghai Hongsheng is indirectly held by SI Development as to 90% equity interest. Shanghai Hongsheng is principally engaged in industrial investment, investment management, marketing and planning, corporate image planning (excluding advertising), business consulting, corporate management consulting and investment consulting.

As at the date of this announcement, SI Development, an indirect non-wholly owned subsidiary of the Company, is held by the Company as to 48.6%. It is principally engaged in property development, property operation and management, and provision of consulting services in relation to property business.

## INFORMATION OF THE BUYER

As at the date of this announcement, the Buyer, a company established in the PRC, is a wholly-owned subsidiary of AIA Company Limited (“**AIA Company**”) which operates life insurance business in Mainland China. AIA Company is in turn wholly-owned by AIA Group Limited, a company incorporated in Hong Kong, the shares of which are listed on the Main Board of the Stock Exchange (stock code: 1299).

## REASONS FOR AND BENEFITS OF THE DISPOSAL

The Group believes that the Disposal is conducive to the return of capital to SI Development, thereby enabling it to enhance its cash flow and focus the resources on some key projects for the smooth operation and development of the Company.

The Directors (including the independent non-executive Directors) consider that the Disposal 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 Transfer Agreements and the Disposal are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

## FINANCIAL EFFECT ARISING FROM THE DISPOSAL

Based on a preliminary assessment, it is estimated that SI Development will record an unaudited gain after taxation on the Disposal of approximately RMB139,000,000 which represents:

- (i) the Consideration; less
- (ii) RMB4,316,285,803.37, being Shareholder’s Loan as at 30 April 2022; less
- (iii) RMB109,274,400, being SI Development’s interest in Shanghai Shisen as at 30 April 2022; less
- (iv) RMB43,157,400, being the estimated taxation (the “**Estimated Taxation**”) to be paid based on the Consideration net of the Shareholder’s Loan and the initial investment cost.

The actual gain or loss as a result of the Disposal to be recorded by SI Development is subject to a final audit to be performed by the auditors of SI Development upon completion of the Disposal.

Based on a preliminary assessment, it is estimated that the net proceeds before taxation from the Disposal amounts to approximately RMB4,590,177,038.70, which represents:

- (i) the Consideration; less
- (ii) RMB17,540,564.67, being the total unaudited cash and cash equivalents of Shanghai Shisen and Shanghai Hongsheng as at 30 April 2022.

Taking into account the Estimated Taxation, the net proceeds from the Disposal is expected to be approximately RMB4,547,019,638.70 which will be used by SI Development for investment projects and general corporate purposes.

## **LISTING RULES IMPLICATIONS**

As the highest applicable percentage ratio in respect of the Disposal exceed 25% but all of them are less than 75%, the Disposal constitutes a major transaction of the Company. Accordingly, the Disposal is subject to the reporting, announcement, circular and shareholders' approval requirements under Chapter 14 of the Listing Rules.

To the best of the knowledge, information and belief of the Directors having made all reasonable enquiries, no Shareholder is required to abstain from voting under the Listing Rules if the Company were to convene an extraordinary general meeting for the approval of the Disposal.

As at the date of this announcement, SIIC through its subsidiaries, namely Shanghai Investment Holdings Limited, SIIC Capital (B.V.I.) Limited, Shanghai Industrial Financial Holdings (Hong Kong) Company Limited, SIIC Trading Company Limited and SIIC CM Development Limited, holds 685,410,748 Shares, representing approximately 63.04% of the issued share capital of the Company. The Company will obtain the written approval of the above-mentioned subsidiaries of SIIC on the Transfer Agreements and the Disposal pursuant to Rule 14.44 of the Listing Rules. As a result, no extraordinary general meeting will be convened to consider the Disposal.

A circular containing, amongst other things, further information on the Disposal, a valuation report of the property interests held by Shanghai Shisen and other information as required under the Listing Rules will be despatched to the Shareholders on or before 12 January 2023.

## **DEFINITIONS**

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

“Board”	the board of Directors
“Buyer”	AIA Life Insurance Company Limited, a company established in the PRC with limited liability
“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)
“connected person(s)”, “percentage ratio(s)” and “subsidiary(ies)”	each has the meaning ascribed to it under the Listing Rules

“Consideration”	the total consideration for the Disposal payable by the Buyer to Shanghai Hongsheng and SI Development
“Directors”	the directors of the Company
“Disposal”	the sale and purchase of the Equity Interest and the Shareholder’s Loan through the Public Tender
“Equity Interest”	the 90% equity interest in Shanghai Shisen held by Shanghai Hongsheng as at the date of this announcement
“Estimated Taxation”	has the meaning set out in the section headed “FINANCIAL EFFECT ARISING FROM THE DISPOSAL” of this announcement
“Group”	the Company and its subsidiaries from time to time
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Land”	the land situated at the land parcel of Lot HK324-01 in Tilanqiao Street, Hongkou District, Shanghai, the PRC (中國上海市虹口區提籃橋街道 HK324-01 號), which reaches Gongping Road (公平路) to the east, Dantu Road (丹徒路) to the west, Dongdaiming Road (東大名路) to the south and Dongchangzhi Road (東長治路) to the north
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Minimum Bidding Price”	has the meaning set out in the section headed “THE BACKGROUND” of this announcement
“PRC”	the People’s Republic of China, and for the purpose of this announcement only, excluding Hong Kong, the Macao Special Administrative Region of the PRC and Taiwan
“Public Tender”	the public tender for the sale of the Equity Interest and the shareholders’ loans owed by Shanghai Shisen to SI Development and Sen Mansion through the Shanghai Assets Exchange which took place during the Public Tender Period
“Public Tender Period”	has the meaning set out in the section headed “THE BACKGROUND” of this announcement
“RMB”	Renminbi, the lawful currency of the PRC

“Sen Mansion”	森大厦（上海）有限公司 (Mori Building China (Shanghai) Co., Ltd.*), a company established in the PRC with limited liability
“Shanghai Assets Exchange”	Shanghai United Assets and Equity Exchange (上海聯合產權交易所)
“Shanghai Hongsheng”	上海虹晟投資發展有限公司 (Shanghai Hongsheng Investment Development Co., Ltd.*), a company established in the PRC with limited liability and an indirect non-wholly owned subsidiary of SI Development as at the date of this announcement
“Shanghai Ruiyi”	上海銳毅投資管理有限公司 (Shanghai Ruiyi Investment Management Co., Ltd.*), a wholly-owned subsidiary of SI Development as at the date of this announcement
“Shanghai Shisen”	上海實森置業有限公司 (Shanghai Shisen Real Estate Co., Ltd.*), a wholly-owned subsidiary of Shanghai Hongsheng as at the date of this announcement
“Share(s)”	ordinary share(s) in the share capital of the Company
“Shareholder(s)”	registered holder(s) of the Share(s)
“Shareholder’s Loan”	shareholder’s loan owed by Shanghai Shisen to SI Development in the principal amount of RMB4,316,285,803.37
“SI Development”	上海實業發展股份有限公司 (Shanghai Industrial Development Co., Ltd.), a company established in the PRC with limited liability and listed on the Shanghai Stock Exchange (SSE Stock Code: 600748), a non-wholly owned subsidiary of the Company as at the date of this announcement
“SIIC”	Shanghai Industrial Investment (Holdings) Company Limited, a company incorporated in Hong Kong with limited liability and a controlling shareholder of the Company as at the date of this announcement
“SI North Bund”	上海上實北外灘投資開發有限公司 (Shanghai Industrial North Bund Investment & Development Co., Ltd.*), a wholly-owned subsidiary of SI Development as at the date of this announcement
“sq.m.”	square metre(s)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited



“Transfer Agreements” (a) the equity transfer agreement to be entered into between Shanghai Hongsheng and the Buyer in relation to the transfer of the Equity Interest; and (b) the loan transfer agreement to be entered into between SI Development and the Buyer in relation to the transfer of the Shareholder’s Loan

“0%” per cent.

*\* For identification purposes only.*

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

Hong Kong, 19 December 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 and Mr. Yuen Tin Fan, Francis*