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

CONNECTED TRANSACTION

DISPOSAL OF EQUITY INTEREST IN SIIC ELDERLY CARE INVESTMENT CO., LTD.

THE DISPOSAL

SIIC Shanghai Urban, an indirect non-wholly owned subsidiary of the Company, offered to sell the Equity Interest, representing 38% equity interest in SIIC Elderly Care (being the Group's entire interest in SIIC Elderly Care), through the Public Tender on the Shanghai Assets Exchange during the Public Tender Period with the minimum bidding price of RMB266,211,400. On 15 December 2023, SIIC Dongtan, as the sole bidder who won the bid in respect of the acquisition of the Equity Interest, entered into the Equity Transfer Agreement with SIIC Shanghai Urban with respect to the Disposal, for a consideration of RMB266,211,400.

Upon completion of the Disposal, SIIC Elderly Care will cease to be an associated company of the Company and the Group will cease to have any interest in SIIC Elderly Care, and SIIC Elderly Care will become wholly-owned by SIIC Dongtan.

LISTING RULES IMPLICATIONS

As at the date of this announcement, SIIC is the controlling shareholder of the Company and is therefore a connected person of the Company. SIIC Dongtan is a wholly-owned subsidiary of SIIC Shanghai, over which SIIC exercises the authority as a state-owned shareholder, and in turn holds 62% of the equity interest of SIIC Elderly Care. As such, SIIC Dongtan is an associate of SIIC and a connected person of the Company. Accordingly, the Disposal constitutes a connected transaction of the Company under Chapter 14A of the Listing Rules.

As one or more of the applicable percentage ratios calculated under Rule 14.07 of the Listing Rules exceed 0.1% but all of them are less than 5%, the Disposal is subject to the reporting and announcement requirements but is exempt from the shareholders' approval requirements pursuant to Chapter 14A of the Listing Rules.

THE DISPOSAL

SIIC Shanghai Urban, an indirect non-wholly owned subsidiary of the Company, offered to sell the Equity Interest, representing 38% equity interest in SIIC Elderly Care (being the Group's entire interest in SIIC Elderly Care), through the Public Tender on the Shanghai Assets Exchange during the Public Tender Period with the minimum bidding price of RMB266,211,400.

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 register themselves as an interested bidder. Pursuant to the terms of the Public Tender, in the event of receiving the sole bid, the sole bidder may still be selected as the winning bidder as long as the minimum bidding price is met.

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THE EQUITY TRANSFER AGREEMENT

Date : 15 December 2023

Parties : SIIC Shanghai Urban as vendor
SIIC Dongtan as purchaser

Subject matter

Pursuant to the Equity Transfer Agreement, SIIC Shanghai Urban agreed to sell and SIIC Dongtan agreed to purchase the Equity Interest.

Consideration and payment terms

The Consideration under the Equity Transfer Agreement is RMB266,211,400, which is determined with reference to the appraised value of the total shareholders' equity of SIIC Elderly Care as at 30 June 2023, being approximately RMB700,556,200, based on the valuation report issued by a third party independent valuer. The valuation was conducted using the assets-based approach.

The Consideration, being approximately 38% of the above appraised value of the total shareholders' equity of SIIC Elderly Care, shall be payable by in the following manner:

- (i) the amount of RMB79,863,420, representing 30% of the Consideration, shall be payable by SIIC Dongtan to SIIC Shanghai Urban through payment to the Shanghai Assets Exchange within five working days from the effective date of the Equity Transfer Agreement (the "**First Instalment**"); a sum of RMB79,863,420 which was previously paid by SIIC Dongtan to the

Shanghai Assets Exchange as earnest money of the Disposal shall be treated as payment of the First Instalment; and

- (ii) the remaining amount of RMB186,347,980, representing 70% of the Consideration, shall be payable by SIIC Dongtan to SIIC Shanghai Urban within one year after the effective date of the Equity Transfer Agreement (the “**Deferred Payment Period**”) (i.e. before 15 December 2024); SIIC Dongtan shall pay SIIC Shanghai Urban the interest, which will be calculated from the issuance date of the equity transfer certificate, for the deferred payment of the remaining Consideration at the one-year bank loan interest rate of 3.45% during the Deferred Payment Period.

Share pledge

Pursuant to the Equity Transfer Agreement, SIIC Dongtan and SIIC Shanghai Urban shall enter into a pledge agreement (the “**Pledge Agreement**”), whereby SIIC Dongtan shall pledge its 3-year shareholder’s loan in the amount of RMB285,000,000 owed by Shanghai Dongyi Real Estate Company Limited* (上海東頤置業有限公司), a company established in the PRC with limited liability, to SIIC Dongtan in favour of SIIC Shanghai Urban to secure its obligation for the deferred payment of the remaining Consideration of RMB186,347,980.

Completion

Completion of the transfer of the Equity Interest will take place on a date after the Shanghai Assets Exchange having issued the equity transfer certificate, which is expected to be on or before 30 April 2024.

Upon completion of the Disposal, SIIC Elderly Care will cease to be an associated company of the Company and the Group will cease to have any interest in SIIC Elderly Care, and SIIC Elderly Care will become wholly-owned by SIIC Dongtan.

INFORMATION OF SIIC ELDERLY CARE

SIIC Elderly Care is a company established in the PRC with limited liability. Its principal business is the development of an elderly community real estate project in Dongtan, Chongming District, Shanghai, the PRC by constructing apartment buildings with caring facilities for the elderly with the total gross floor area of approximately 270,000 square metres. The construction work of some of the apartment buildings has been completed and units of those buildings have been put on sale. As at the date of this announcement, the equity interest of SIIC Elderly Care is owned by SIIC Shanghai Urban and SIIC Dongtan as to 38% and 62%, respectively.

The audited consolidated net losses (both before and after taxation and extraordinary items) of SIIC Elderly Care for the two years ended 31 December 2021 and 2022 were as follows:

	Year ended 31 December	
	2021	2022
	<i>RMB'000</i>	<i>RMB'000</i>
	<i>(approximately)</i>	<i>(approximately)</i>
Net profit (loss) before taxation and extraordinary items	(3,073)	(66,636)
Net profit (loss) after taxation and extraordinary items	(3,073)	(68,824)

The audited consolidated net asset value of SIIC Elderly Care as at 30 June 2023 was approximately RMB600,670,000.

FINANCIAL IMPACT OF THE DISPOSAL

The Disposal is expected to result in a gain of approximately RMB43,000,000, which is estimated based on the difference between the Consideration to be received by SIIC Shanghai Urban and the book value of the 38% of the equity interest in SIIC Elderly Care being disposed of. The Disposal will have no material impact on the Company.

The proceeds received under the Disposal will be used for the Group's general working capital.

REASONS FOR AND BENEFITS OF THE DISPOSAL

The management of the Company is of the view that the Disposal would allow the Group to realise a return on its investment in SIIC Elderly Care and increase its liquidity as well as to optimise its business structure, thereby focusing on its core businesses and concentrating resources to its key regions and projects.

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

None of the Directors has a material interest in the Disposal or was required to abstain from voting on the relevant resolution(s) of the Board.

LISTING RULES IMPLICATIONS

As at the date of this announcement, SIIC is the controlling shareholder of the Company and is therefore a connected person of the Company. SIIC Dongtan is a wholly-owned subsidiary of SIIC Shanghai, over which SIIC exercises the authority as a state-owned shareholder, and in turn holds 62% of the equity interest of SIIC Elderly Care. As such, SIIC Dongtan is an associate of SIIC and a connected person of the Company. Accordingly, the Disposal constitutes a connected transaction of the Company under Chapter 14A of the Listing Rules.

As one or more of the applicable percentage ratios calculated under Rule 14.07 of the Listing Rules exceed 0.1% but all of them are less than 5%, the Disposal is subject to the reporting and announcement requirements but is exempt from the shareholders' approval requirements pursuant to Chapter 14A of the Listing Rules.

INFORMATION OF THE GROUP, SIIC SHANGHAI URBAN AND SIIC DONGTAN

The Group is principally engaged in the businesses of infrastructure and environmental protection, comprehensive healthcare operations, real estate and consumer products.

As at the date of this announcement, SIIC Shanghai Urban is a wholly-owned subsidiary of SI Development, which in turn is an indirect non-wholly owned subsidiary of the Company as to approximately 48.6%. SIIC Shanghai Urban is principally engaged in property development business. SI Development is principally engaged in property development, property operation and management, and provision of consulting services in relation to property business.

As at the date of this announcement, SIIC Dongtan is a wholly-owned subsidiary of SIIC Shanghai, over which SIIC exercises the authority as a state-owned shareholder. SIIC Dongtan is principally engaged in land development and construction of infrastructure facilities in Dongtan, Chongming District, asset investment and management and property management business. SIIC Shanghai is principally engaged in investment holding and property investment. SIIC is wholly-owned by State-owned Assets Supervision and Administration Commission of Shanghai Municipal Government and is principally engaged in financial investment, medicine, infrastructure and environmental protection, comprehensive healthcare operations, real estate and consumer products.

DEFINITIONS

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

“associate”, “connected person(s)”, “controlling shareholder(s)”, “subsidiary(ies)”	each has the meaning ascribed to it under the Listing Rules
“Board”	the board of Directors
“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)
“Consideration”	the total consideration for the Disposal payable by SIIC Dongtan to SIIC Shanghai Urban

“Deferred Payment Period”	has the meaning as defined in the section headed “THE EQUITY TRANSFER AGREEMENT – Consideration and payment terms” of this announcement
“Director(s)”	the director(s) of the Company
“Disposal”	the sale and purchase of the Equity Interest through the Public Tender and pursuant to the Equity Transfer Agreement
“Equity Interest”	the 38% equity interest in SIIC Elderly Care held by SIIC Shanghai Urban as at the date of this announcement
“Equity Transfer Agreement”	the Shanghai Equity Transfer Contract dated 15 December 2023 entered into between SIIC Shanghai Urban and SIIC Dongtan in relation to the Disposal
“First Instalment”	has the meaning as defined in the section headed “THE EQUITY TRANSFER AGREEMENT – Consideration and payment terms” of this announcement
“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Pledge Agreement”	has the meaning as defined in the section headed “THE EQUITY TRANSFER AGREEMENT – Share Pledge” of this announcement
“PRC”	the People’s Republic of China, for the purpose of this announcement only, excluding Hong Kong, and Macao Special Administrative Region of the PRC and Taiwan
“Public Tender”	the public tender for the sale of the Equity Interest through the Shanghai Assets Exchange which took place during the Public Tender Period
“Public Tender Period”	the public tender period from 10 November 2023 to 7 December 2023 (both dates inclusive)
“RMB”	Renminbi, the lawful currency of the PRC
“Shanghai Assets Exchange”	Shanghai United Assets and Equity Exchange (上海聯合產權交易所)

“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), an indirect 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 the controlling shareholder of the Company as at the date of this announcement
“SIIC Dongtan”	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, a wholly-owned subsidiary of SIIC Shanghai as at the date of this announcement
“SIIC Elderly Care”	上海實業養老投資有限公司 (SIIC Elderly Care Investment Co., Ltd.), a company established in the PRC with limited liability and owned by SIIC Shanghai Urban and SIIC Dongtan as to 38% and 62%, respectively as at the date of this announcement
“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 with SIIC as the authorised representative exercising state-owned shareholder’s right over it as at the date of this announcement
“SIIC Shanghai Urban”	上海上實城市發展投資有限公司 (SIIC Shanghai Urban Development & Investment Co., Ltd.*), a company established in the PRC with limited liability, a wholly-owned subsidiary of SI Development as at the date of this announcement
“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, 15 December 2023

As at the date of this announcement, the Board comprises:

Executive Directors:

Mr. Shen Xiao Chu, Mr. Zhang Qian and Mr. Shu Dong

Independent non-executive Directors:

Prof. Woo Chia-Wei, Mr. Leung Pak To, Francis and Mr. Yuen Tin Fan, Francis