

Press Release

5 October 2023

**Shanghai Industrial Holdings Enters into Agreement to Subscribe  
HKD 1,637 Million Exchangeable Bonds of Canvest  
Further Consolidating its Prominent Position in the Solid Waste Industry**

Shanghai Industrial Holdings Limited ("SIHL" or the "Company"), together with its subsidiaries referred to as the "Group" (Stock code: 363 on The Stock Exchange of Hong Kong Limited), is pleased to announce its agreement to subscribe to exchangeable bonds issued by Best Approach Developments Limited (as the issuer) in the principal amount of HKD 1,637 million. Upon completion of the transaction, the Group will become the holder of the exchangeable bonds. The exchangeable bonds will entitle the holder to convert them into up to 243,954,117 shares of Canvest Environmental Protection Group Company Limited owned by Best Approach. This represents approximately 10% of the total issued share capital of Canvest as of the issue date. Aside from a share pledge provided by Best Approach, Ms. Lee Wing Yee Loretta, Chairlady and Executive Director of Canvest, has provided personal guarantees to the Company the due and punctual performance by Best Approach of all its obligations under the exchangeable bonds in accordance with the Subscription Agreement.

The initial exchange price of the exchangeable bonds is HKD 6.71 per share, with a maturity period of 7 years. The initial annual interest rate is 2.8%, and the interest rate for each subsequent interest period will be adjusted based on the risk-free interest rate level on the interest payment date, ranging from 2.3% to 3.3% (inclusive of 2.3% and 3.3%). The interest rate will be adjusted to align with the prevailing risk-free interest rate. If the risk-free interest rate falls below 2.3%, the interest rate will be maintained at 2.3% and will no longer be adjusted downward. If the risk-free interest rate rises above 3.3%, the interest rate will be maintained at 3.3% and will no longer be adjusted upward.

As at the date of this announcement, the Group indirectly holds 475.251 million Canvest Shares, representing approximately 19.48% of the entire issued share capital of Canvest. Assuming that no new Canvest Shares will be issued from the date of the Subscription Agreement and up to the date of exercising the Exchangeable Right in full, the Company will own a total of approximately 29.48% of the entire issued share capital of Canvest upon full exercise of the Exchangeable Right.

In recent years, SIHL has been actively transforming towards ESG values. The Group has seized the opportunities brought by national policies promoting environmental protection and clean energy, and increased their investments and presence in the solid waste environmental protection sector. Aside from acquiring stakes in Canvest in 2017, the Group's joint venture S.I. Yangtze River Delta Ecological Development Limited competitively acquired 28.34% equity of SUS Environment in December 2020. SUS Environment is a comprehensive urban solid waste disposal service provider with a full industry chain, which main business includes investment, construction, and operation of waste incineration power generation projects. In September 2022, the Group's key solid waste project, Shanghai Baoshan Renewable Energy Utilization Center project was connected to the grid. The grid-connected power generation of two wet garbage generator was completed in the second quarter this year. With a daily treatment capacity of 3,800 tonnes, the Baoshan project makes a significant contribution to the harmless treatment and resource utilization of waste in Shanghai.

The subscription of the exchangeable bonds presents a valuable opportunity for the Group to further enhance its stake in Canvest, thereby strengthening its prominent position in the solid waste industry in China. It will also facilitate close business cooperation between the Group's solid waste environmental protection sector and Canvest. Leveraging the Group's established platform in Hong Kong, the investment in Canvest is expected to contribute to the development of the Group's integrated solid waste platform in the future and enable the Group to build a business consortium with leading scale, strength, technological advantages and operational efficiency in China's waste incineration industry.

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#### **About SIHL**

Shanghai Industrial Holdings Limited ("SIHL", HKSE Stock Code: 363) is the largest overseas conglomerate under Shanghai Industrial Investments (Holdings) Co., Ltd ("SIIC"). As the flagship of the SIIC group of companies, SIHL has been successful in leveraging its strengths in Shanghai since listing, in terms of securing the best investment opportunities in mainland China with full support from the parent company. Over 20 years' development, SIHL has become a conglomerate company with four core businesses: infrastructure and environmental protection (including toll roads/bridge, and environmental protection related business such as sewage treatment and solid waste treatment), real estate, consumer products (including Nanyang Tobacco and Wing Fat Printing), and Big Health. SIHL will continue to raise its governance standard in order to create favourable returns and value for shareholders.

For more information about SIHL, please visit the company website at [www.sihl.com.hk](http://www.sihl.com.hk).

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