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If you have sold or transferred all your shares in Shanghai Industrial Holdings Limited, you should at once hand this circular and the accompanying form of proxy to the purchaser or transferee or to the bank, stockbroker or other agent through whom the sale or transfer was effected for transmission to the purchaser or transferee.

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上海實業控股有限公司

SHANGHAI INDUSTRIAL HOLDINGS LIMITED

(Incorporated in Hong Kong with limited liability)

(Stock Code: 363)

MAJOR TRANSACTION

ACQUISITION OF LAND USE RIGHTS IN SHANGHAI, THE PRC



25 February 2021

CONTENTS

	<i>Page</i>
Definitions	1
Letter from the Board	4
Appendix I – Financial information of the Group	I-1
Appendix II – General Information	II-1

DEFINITIONS

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

“Board”	the board of Directors
“close associate(s)”, “connected person(s)”, “controlling shareholder(s)” “subsidiary(ies)” and “substantial shareholder(s)”	each has the meaning ascribed to it under the Listing Rules
“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”	RMB3,893,000,000, being the total consideration payable by Shanghai Ruijue for the Land Acquisition
“Director(s)”	the director(s) of the Company
“Group”	the Company and its subsidiaries from time to time
“HK\$”	Hong Kong dollar(s), the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Hongkou District Planning and Natural Resources Bureau”	Hongkou District Planning and Natural Resources Bureau in Shanghai Municipality* (上海市虹口區規劃和自然資源局), a bureau established by the local government of Hongkou District in Shanghai Municipality and a PRC Governmental Body within the meaning of Rule 19A.04 of the Listing Rules
“Land”	the land situated at the land parcels numbered HK323-01, HK323-05, HK323-02 (a portion of the Land is underground land), North Bund, Hongkou District, Shanghai, the PRC* (中國上海市虹口區北外灘), reaching Dantu Road* (丹徒路) to the east, Dongdaming Road* (東大名路) to the south, the greenland numbered HK323-02 to the west and Dongchangzhi Road* (東長治路) to the north
“Land Acquisition”	the acquisition of the Land Use Rights of the Land by Shanghai Ruijue

DEFINITIONS

“Land Use Rights”	the state-owned construction land use rights* (國有建設用地使用權)
“Land Use Rights Grant Contract”	the state-owned construction land use rights grant contract in Shanghai* (上海市國有建設用地使用權出讓合同) and was entered into between Hongkou District Planning and Natural Resources Bureau as the transferor and Shanghai Ruijue as the transferee on 17 December 2020 in relation to the Land Acquisition
“Latest Practicable Date”	23 February 2021, being the latest practicable date prior to the printing of this circular for ascertaining certain information contained herein
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“PRC”	the People’s Republic of China, and for the purpose of this circular only, excluding Hong Kong and Macau Special Administrative Regions and Taiwan
“PRC Governmental Body”	has the meaning ascribed to it under Rule 19A.04 of the Listing Rules
“Qualified Issuer”	has the meaning ascribed to it under Rule 14.04(10B) of the Listing Rules
“Qualified Property Acquisition”	has the meaning ascribed to it under Rule 14.04(10C) of the Listing Rules
“RMB”	Renminbi, the lawful currency of the PRC
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“Shanghai Ruijue”	上海銳珏商務諮詢有限公司 (Shanghai Ruijue Commercial Services Consulting Co., Ltd.*), a company established in the PRC with limited liability and a wholly-owned subsidiary of SI Development as at the Latest Practicable Date
“Share(s)”	ordinary share(s) in the share capital of the Company
“Shareholder(s)”	registered holder(s) of the Share(s)

DEFINITIONS

“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 Latest Practicable Date
“SIIC”	Shanghai Industrial Investment (Holdings) Company Limited, a company incorporated in Hong Kong with limited liability and the controlling shareholder of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“%”	per cent.

* For identification purposes only.

LETTER FROM THE BOARD



上海實業控股有限公司

SHANGHAI INDUSTRIAL HOLDINGS LIMITED

(Incorporated in Hong Kong with limited liability)

(Stock Code: 363)

Directors

Executive Directors:

Mr. Shen Xiao Chu (*Chairman*)

Mr. Zhou Jun (*Vice Chairman & Chief Executive Officer*)

Mr. Xu Bo (*Deputy CEO*)

Mr. Xu Zhan

Registered Office:

26th Floor, Harcourt House,
39 Gloucester Road,
Wanchai, Hong Kong

Independent Non-Executive Directors:

Prof. Woo Chia-Wei

Mr. Leung Pak To, Francis

Mr. Cheng Hoi Chuen, Vincent

Mr. Yuen Tin Fan, Francis

25 February 2021

To the Shareholders

Dear Sir or Madam,

MAJOR TRANSACTION

ACQUISITION OF LAND USE RIGHTS IN SHANGHAI, THE PRC

INTRODUCTION

Reference is made to the announcement of the Company dated 17 December 2020 in relation to the acquisition of land use rights in Shanghai, the PRC (i.e. the Land Acquisition).

The purpose of this circular is, among other things, to provide you with (i) further details of the Land Acquisition; and (ii) the financial information of the Group.

ACQUISITION OF LAND USE RIGHTS

On 17 December 2020, Shanghai Ruijue, an indirect subsidiary of the Company, won the bid in respect of the Land Use Rights of the Land situated at Shanghai, the PRC through listing-for-sale at a consideration of RMB3,893,000,000. Shanghai Ruijue has received the confirmation notification from Hongkou District Planning and Natural Resources Bureau in relation to the Land Acquisition. The Land Use Rights Grant Contract in respect of the Land Acquisition was entered into on 17 December 2020. Details of the Land Acquisition are set out below:

LETTER FROM THE BOARD

- Date of entering into the Land Use Rights Grant Contract : 17 December 2020
- Parties : (1) Hongkou District Planning and Natural Resources Bureau (as the transferor); and
(2) Shanghai Rujie (as the transferee)
- Location of the Land : The Land is situated at the land parcels numbered HK323-01, HK323-05, HK323-02 (a portion of the Land is underground land), North Bund, Hongkou District, Shanghai, the PRC, and it reaches Dantu Road to the east, Dongdaming Road to the south, the greenland numbered HK323-02 to the west and Dongchangzhi Road to the north.
- The land parcel numbered HK323-01 reaches Dantu Road to the east, the land parcel numbered HK323-05 to the south, the greenland numbered HK323-02 to the west and Dongchangzhi Road to the north.
- The land parcel numbered HK323-05 reaches Dantu Road to the east, Dongdaming Road to the south, the land parcel numbered HK323-04 to the west and the land parcel numbered HK323-01 to the north.
- Total land transfer site area : 12,725 square metres
- Consideration : RMB3,893,000,000
- Payment terms : The Consideration for the Land Acquisition shall be paid at completion, the date of which is yet to be determined by the parties.
- Term of the Land Use Rights and use of the Land : (1) for recreation and sport uses with a term of 40 years;
(2) for commercial use with a term of 40 years;
and
(3) for offices with a term of 50 years

Formulation of the development plan for the Land is still underway, and the Group will appoint the relevant professional parties and consultants for the preparation of the design and construction plans of the development. It is expected that the development work will

LETTER FROM THE BOARD

last for about three years from commencement of development. Together with the existing land parcel situated at No. 89, North Bund, the two sites are planned to be developed into an urban complex with A grade office building, serviced apartment, theme commercial building and cultural and entertainment facilities. The Group will, in accordance with practical market conditions, make adjustment to the actual timetable of the construction and development of the Land.

BASIS FOR DETERMINING THE CONSIDERATION

The Consideration was determined by the successful bid of the Land by Shanghai Ruijue through listing-for-sale which was conducted in accordance with the relevant PRC laws and regulations. The Group considered the bidding price for the Land was fair after taking into account, among other things:

- (i) the base price of the bid of RMB3,893,000,000 set by Hongkou District Planning and Natural Resources Bureau and the average floor area price of the Land of approximately RMB35,100 per square metre, which is comparable to the average floor area price in the range from approximately RMB36,000 to approximately RMB45,000 per square metre of other land plots for commercial use in North Bund in recent years;
- (ii) the current property market conditions in North Bund, Hongkou District, Shanghai, the PRC and areas nearby. North Bund is expected to become a new engine of growth in Shanghai, as well as the new benchmark for urban development in the new era. According to the development blueprint of the city, North Bund will become a core central business district, with a high density of office buildings and commercial facilities, along with historical and cultural regions where the historical ambiance will be fully preserved. Detailed planning has been made for the skywalks, central park, underground space, industrial functions and management for the central business district. With a substantial number of enterprises having been settled in North Bund, including those engaging in finance and shipping, the property market in North Bund is booming with a steady increase in property price in recent years; and
- (iii) the location and development potential of the Land. Along with the Lujiazui financial hub on the east bank of the river across from the Bund, the North Bund forms downtown Shanghai's "golden triangle." Riverside regions have already been transformed with greenery and walking paths. While the Land is located in the core area of North Bund, Hongkou District, Shanghai and in close proximity to the waterfront, which the local government aims to develop into a global central business district and in terms of expected investment returns in the future, the Land has obvious geographical advantages, thus has relatively high development potential.

No independent valuation has been taken as reference for setting the bidding price.

The Group intends to finance the Consideration by internal resources.

LETTER FROM THE BOARD

FINANCIAL EFFECTS OF THE LAND ACQUISITION

Immediately upon completion of the Land Acquisition and taking into account RMB3,893,000,000 of the entire amount of the Consideration is to be satisfied by internal resources of the Group, the financial effects of the Land Acquisition to the Group are: (i) an increase of asset arising from the Land amounting to RMB3,893,000,000; and (ii) a decrease in cash of RMB3,893,000,000 on hand. Save as the abovementioned, the Directors consider that the Land Acquisition will not have any other material effect on the total assets, total liabilities and earnings of the Group.

REASONS FOR AND BENEFITS OF THE LAND ACQUISITION

SI Development has been making efforts in researching development opportunities in the core areas of the Yangtze River Delta focusing on resources, in particular those of high quality, in these areas using Shanghai as its core. In this connection, it has been the business development strategy of SI Development to strengthen its real estate investments in core regions in the Yangtze River Delta and to participate in the development of the Yangtze River Delta with Shanghai as the centre.

The Land, which is situated at North Bund, Hongkou District, Shanghai, the PRC, is for office development, commercial, recreation and sport uses. It is located in close proximity to the land parcel situated at No. 89, North Bund which is currently under development and construction of SI Development and the Land Acquisition is in line with the business development strategy of SI Development in real estate investment in Shanghai as stated above. It therefore creates synergy effect to the development planning of the Group in the same areas in Shanghai, and enhances the brand reputation and value of the Group in the aspect of property development.

The Board is of the view that the Land Acquisition is in the Group's ordinary and usual course of business, the terms of the Land Acquisition are fair and reasonable and the Land Acquisition is in the interests of the Company and the Shareholders as a whole.

INFORMATION ON THE PARTIES

The Group is principally engaged in the businesses of infrastructure facilities, real estate (comprising property development and investment and hotel operation) and consumer products.

Shanghai Ruijue is a wholly-owned subsidiary of SI Development, which in turn is a non-wholly owned subsidiary of the Company. Shanghai Ruijue is set up for the participation in the listing-for-sale relating to the Land and is principally engaged in the development of the Land and the related construction and business operation.

SI Development is a non-wholly owned subsidiary of the Company and is held as to 48.6% of its entire equity interest by the Company as at the Latest Practicable Date. It is principally engaged in property development, property operation and management, and provision of consulting services in relation to property business.

LETTER FROM THE BOARD

Hongkou District Planning and Natural Resources Bureau is a bureau established by the local government of Hongkou District in Shanghai Municipality and a PRC Governmental Body within the meaning of Rule 19A.04 of the Listing Rules. To the best of the knowledge, information and belief of the Directors having made all reasonable enquiries, Hongkou District Planning and Natural Resources Bureau and its ultimate beneficial owner(s) are third parties independent of the Company and its connected persons.

LISTING RULES IMPLICATIONS

The Land Acquisition constitutes a transaction under Chapter 14 of the Listing Rules as the properties to be developed on the Land will be held as investment property for recurring income. As one or more of the applicable percentage ratios calculated under Rule 14.07 of the Listing Rules in respect of the Land Acquisition exceeds 25% but is less than 100%, the Land Acquisition constitutes a major transaction for the Company under Chapter 14 of the Listing Rules.

As one of the Group's principal business activities is property development, the Company is regarded as a Qualified Issuer under Rule 14.04(10B) of the Listing Rules. Besides, the Land Acquisition is regarded as a Qualified Property Acquisition under Rule 14.04(10C) of the Listing Rules as it involves an acquisition of governmental land(s) from a PRC Governmental Body through listing-for-sale governed by the PRC laws (as defined under the Listing Rules), which is undertaken by the Group via Shanghai Ruijue on a sole basis in its ordinary and usual course of business. As such, the Land Acquisition is subject to reporting and announcement requirements but exempt from shareholders' approval requirement pursuant to Rule 14.33A of the Listing Rules.

RECOMMENDATION

The Board (including the independent non-executive Directors) considers that the Land Acquisition is fair and reasonable, on normal commercial terms and in the interests of the Company and the Shareholders as a whole. None of the Directors or their respective close associates have any material interest in the Land Use Rights Grant Contract.

ADDITIONAL INFORMATION

Your attention is drawn to the additional information set out in the Appendices to this circular.

Yours faithfully,
For and on behalf of the Board
Shanghai Industrial Holdings Limited
Shen Xiao Chu
Chairman

1. FINANCIAL INFORMATION OF THE GROUP

Details of the financial information of the Group for each of the three financial years ended 31 December 2017, 2018 and 2019, and the six months ended 30 June 2020 are disclosed in the following documents which have been published on both the website of the Stock Exchange (<http://www.hkexnews.hk>) and the website of the Company (<http://www.sihl.com.hk>):

- annual report of the Company for the year ended 31 December 2017 published on 18 April 2018 (pages 70 to 179) (available on: <https://www1.hkexnews.hk/listedco/listconews/sehk/2018/0418/ltn20180418395.pdf>);
- annual report of the Company for the year ended 31 December 2018 published on 17 April 2019 (page 73 to 204) (available on: <https://www1.hkexnews.hk/listedco/listconews/sehk/2019/0417/ltn20190417155.pdf>);
- annual report of the Company for the year ended 31 December 2019 published on 15 April 2020 (page 74 to 184) (available on: <https://www1.hkexnews.hk/listedco/listconews/sehk/2020/0415/2020041500499.pdf>); and
- interim report of the Company for the six months ended 30 June 2020 published on 17 September 2020 (pages 39 to 62) (available on: <https://www1.hkexnews.hk/listedco/listconews/sehk/2020/0917/2020091700373.pdf>).

2. STATEMENT OF INDEBTEDNESS

As at the close of business on 31 December 2020, being the latest practicable date for the sole purpose of determining this statement of indebtedness and contingent liabilities of the Group prior to the date of this circular, same as otherwise disclosed herein, the Group had aggregate outstanding borrowings of approximately HK\$57,318,842,000 and the details are as follows:

	<i>HK\$'000</i>
Bank borrowings	
– Secured and guaranteed*	4,571,288
– Secured and unguaranteed	10,705,546
– Unsecured and guaranteed*	9,502,789
– Unsecured and unguaranteed	<u>22,915,415</u>
	<u>47,695,038</u>
Other borrowings	
– Unsecured and unguaranteed	8,965,220
Amounts due to related companies	
– Unsecured and unguaranteed	654,950
Amounts due to fellow subsidiaries	
– Unsecured and unguaranteed	1,448
Amounts due to joint ventures	
– Unsecured and unguaranteed	<u>2,186</u>
	<u>9,623,804</u>
Total	<u><u>57,318,842</u></u>

* Borrowings with inter-company guarantees provided within group companies amounting to HK\$13,848,903,000 have been included in secured/unsecured guaranteed borrowings at 31 December 2020.

Mortgage and Charges

As at the close of business on 31 December 2020, the Group's bank borrowings of approximately HK\$15,276,834,000 were secured by certain investment properties, certain leasehold land and buildings, certain plant and machineries, certain intangible assets, certain receivables under service concession arrangements, certain properties under development held for sale, certain properties held for sale, certain trade receivables and pledged bank deposits of the Group and the entire registered share capital of a subsidiary of the Company.

Lease liabilities

As at 31 December 2020, the Group had lease obligations of approximately HK\$452,304,000 related to the lease of office premises and commercial units in Hong Kong, Singapore and the PRC which were secured by rental deposits and unguaranteed.

Contingent liabilities

As at 31 December 2020, the Group have the following contingent liabilities:

(a) *Guarantees in respect of mortgage facilities of certain property buyers*

The Group has entered into agreements with certain banks with respect to mortgage loans provided to buyers of the Group's property units and has made deposits as security to and given guarantees on mortgage loans provided to the buyers by these banks under the agreements. Pursuant to the terms of guarantees, upon default in payments of mortgage loans by these buyers, the Group is responsible to repay the remaining outstanding mortgage principals together with accrued interest and penalty owed by the defaulted buyers to the banks and the Group is entitled to take over the legal title and possession of the related properties. As at 31 December 2020, the total outstanding mortgages guaranteed by the Group were RMB5,645,189,000 (equivalent to approximately HK\$6,706,092,000).

(b) *Guarantee given to banks in respect of banking facilities utilised by an associate of the Group*

The Group entered into an agreement with a bank to provide a corporate guarantee with respect to the bank borrowing granted to an associate of the Group. As at 31 December 2020, the maximum liability of the Company under such guarantee was the outstanding amount of the bank borrowing to the associate of RMB357,000,000 (equivalent to approximately HK\$424,091,000).

(c) *Guarantee given to banks in respect of banking facilities utilised by the joint ventures of the Group*

The Group entered into agreements with banks to provide a corporate guarantee with respect to the bank borrowings granted to the joint ventures of the Group. As at 31 December 2020, the maximum liability of the Company under such guarantee was the outstanding amount of the bank borrowings to the joint ventures of RMB831,093,000 (equivalent to approximately HK\$987,279,000).

General

Except as disclosed above and apart from intra-group liabilities, the Group did not have, as at 31 December 2020, any other debt securities issued or outstanding, and authorised or otherwise created but unissued, term loans, other borrowings and indebtedness, bank overdrafts, liabilities under acceptances (other than normal trade bills), acceptance credits, hire purchases commitments, mortgages, charges, guarantees or other material contingent liabilities.

3. WORKING CAPITAL

The Directors are of the opinion that, taking into account the financial resources available to the Group including the internally generated funds and the present available bank facilities, and taking into account the impact of the Land Acquisition, the Group will have sufficient working capital for its present requirements, and for at least twelve months from the date of this circular in the absence of any unforeseeable circumstances.

4. MATERIAL ADVERSE CHANGE

Reference is made to the profit warning announcement of the Company dated 14 July 2020 in relation to the expected decrease in the profit attributable to the Shareholders for the six months ended 30 June 2020. Reference is also made to the subsequent interim report of the Company for the same period dated 17 September 2020, in which the Company disclosed that the profit attributable to the Shareholders for the six months ended 30 June 2020 represented a year-on-year decrease of 60.1%. As disclosed in the aforesaid announcement and interim report, the decrease in profits was mainly due to the unfavorable business environment brought about by the novel coronavirus (COVID-19) epidemic and the associated quarantine and social protective measures put in place in mainland China, Hong Kong and overseas, resulting in a significant drop in the Group's profits, especially in expressway, real estate and consumer products businesses.

Save as disclosed above, the Directors confirm that, as at the Latest Practicable Date, the Directors were not aware of any material adverse change in the financial or trading position of the Group since 31 December 2019, being the date to which the latest published audited consolidated financial statements of the Group were made up.

5. FINANCIAL AND TRADING PROSPECTS OF THE GROUP

In line with the Group's business strategy to optimise its business structure and build up a solid foundation for its continued development and improvement in profitability, the Group will continue to seek breakthroughs to strengthen its existing core businesses and develop opportunities in new business arenas, improve operating and management efficiency, and strengthen risk management and controls through careful planning and deployment of its resources. This is expected to enhance the earnings capabilities of the Group and create higher values for the Shareholders.

Infrastructure Facilities

The Group's road operating companies has responded promptly to the PRC Government's epidemic prevention-and-control measures in 2020 and maintained their service quality and management efficiency to achieve steady overall business development while safe and smooth road passage was ensured. Meanwhile, the PRC Government has been considering respective compensations for the toll-free policies for affected toll roads with a view to safeguarding the legitimate rights of the toll road users, creditors, investors and operators. While maintaining operational efficiency, the toll roads business will continue to record steady growth.

For the infrastructure and environmental protection segments, the water business and solid waste business will continue to expand the scale of their investments in an orderly manner, including the investment in the Baoshan project through SIIC Environment Holdings Ltd., as a new source of profit growth for the Group. The Company has also invested in solid waste power generation business in the PRC, with a total investment of RMB3 billion. It is expected that such project will further strengthen the Group's strategy for continuous expansion of its infrastructure and environmental protection businesses. Technological innovation of the segment will be further strengthened and the management models of different enterprises will continue to be improved. The management team will be further streamlined to expedite business development.

Shanghai Galaxy Investment Co., Ltd. ("**Shanghai Galaxy**") and its subsidiary, SIIC Aerospace Galaxy Energy (Shanghai) Co., Ltd., together own a total of 13 photovoltaic power generation projects nationwide and have become leading Chinese photovoltaics companies with a total asset scale of 590MW.

Real Estate

The real estate business was adversely affected by the epidemic during the first half of 2020, including delays in the launching of marketing activities and the progress of construction. Revival of the real estate economy in the PRC was seen since then.

With the resumption of business and production in different provinces of the mainland, the development of the Company's real estate business will accelerate in all aspects of its operational activities with a view to meeting and exceeding development and sales goals. The Group will continue to revitalise its assets and optimise its business models, and to improve the operational efficiency for its existing projects, while engagement in new business ventures will be explored to enhance potential for future profit growth.

Consumer Products

Through rapid recovery of the duty-paid market in Hong Kong and gradual resumption of business and production on the mainland, Nanyang Brothers Tobacco Company, Limited has begun to see a rebound both in sales volume and turnover. Though the prospects for the airport duty-free market, ship tobacco market and overseas markets

still remain weak in the short term, the company will proactively optimise allocation of resources, adjust its marketing plans, make innovations, streamline production processes and actively plan for breakthroughs in development.

The Wing Fat Printing Company, Limited will make continuous efforts to consolidate the market competitiveness of its printing and packaging business and the moulded-fibre business, and made strategic plans for the smart-medicine packaging business. Such moves are expected to provide new performance support in the new normal of the post-epidemic environment, aimed at creating new sources of profit growth in the future.

Outlook

Against the uncertainties about the epidemic which are still remained in Hong Kong and other countries around the world, the Group will take proactive steps to enhance its operating and management efficiency, strengthen risk management and controls, and continue to reform and innovate while still carrying out epidemic prevention-and-control measures. Resources will be carefully planned and deployed to make up for the shortfalls in operating results for 2020. In addition, the Group will continue to optimise its assets when opportunities arise in order to maximise shareholder value.

1. RESPONSIBILITY STATEMENT

This circular, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Group. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief the information contained in this circular is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this circular misleading.

2. DISCLOSURE OF INTERESTS

(a) Disclosure of Directors' and chief executive's interests and short positions in the Company

As at the Latest Practicable Date, the interests and short positions in the shares, underlying shares and debentures of the Company and its associated corporations (within the meaning of Part XV of the SFO) of the Directors and chief executive of the Company which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have under the provisions of the SFO), or which were required, pursuant to Section 352 of the SFO, to be entered in the register referred to therein, or which were required to be notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the “**Model Code**”) set out in Appendix 10 of the Listing Rules, were as follows:

Interests in Shares and underlying Shares

Name of Director	Capacity	Nature of interests	Number of issued Shares held	Approximate percentage of the issued Shares
Zhou Jun	Beneficial owner	Personal	300,000	0.03%

All interest(s) stated above represented long position(s).

*Interests in shares and underlying shares of associated corporations**Shanghai Industrial Urban Development Group Limited (“SIUD”)*

Name of Director	Capacity	Nature of interests	Number of issued SIUD shares held	Approximate percentage of the issued SIUD shares
Zhou Jun	Beneficial owner	Personal	360,000	0.01%

All interest(s) stated above represented long position(s).

Save as disclosed above, as at the Latest Practicable Date, none of the Directors or chief executives of the Company had any interests or short position in the shares, underlying shares or debentures of the Company and its associated corporations (within the meaning of Part XV of the SFO) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have under such provisions of the SFO), or which were required, pursuant to Section 352 of the SFO, to be entered in the register referred to therein, or which were otherwise required to be notified to the Company and the Stock Exchange pursuant to the Model Code.

(b) Disclosure of substantial shareholders’ interests and short positions in the Company

As at the Latest Practicable Date, so far as was known to the Directors or chief executive of the Company, the interests and short of the persons (not being a Director or chief executive of the Company) in the shares and underlying shares of the Company which were required to be disclosed to the Company and the Stock Exchange pursuant to Divisions 2 and 3 of Part XV of the SFO were as follows:

Name of Shareholder	Capacity	Nature of interests	Number of issued Shares beneficially held	Approximate percentage of the issued Shares
SIIC	Interests held by controlled corporations	Corporate	679,880,748 (Notes 1 and 2)	62.53%

Notes:

- (1) 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 held 519,409,748 Shares, 80,000,000 Shares, 52,908,000 Shares, 27,553,000 Shares and 10,000 Shares respectively, and was accordingly deemed to be interested in the respective Shares held by the aforementioned companies.
- (2) All interest(s) stated above represented long position(s).

Save as disclosed above, as at the Latest Practicable Date, so far as was known to the Directors or chief executive of the Company based on the register maintained by the Company pursuant to Part XV of the SFO, no other persons (not being a Director or chief executive of the Company) had, or were deemed or taken to have, any interests or short positions in the shares or underlying shares of the Company which were required to be disclosed to the Company and the Stock Exchange pursuant to Divisions 2 and 3 of Part XV of the SFO.

- (c) As at the Latest Practicable Date, so far as was known to the Directors, the following Directors are also directors or employees of SIIC:

Name of Director	Position held in SIIC
Shen Xiao Chu	executive director and chairman
Zhou Jun	executive director and president
Xu Bo	executive director, vice president and chief financial controller
Xu Zhan	assistant president

3. DIRECTORS' SERVICE CONTRACTS

As at the Latest Practicable Date, none of the Directors had entered or proposed to enter into a service contract with the Company or any member of the Group which would expire or was not determinable by the relevant employer within one year without payment of compensation other than statutory compensation.

4. DIRECTORS' INTERESTS IN ASSETS

As at the Latest Practicable Date, to the best of the Directors' knowledge, information and belief, none of the Directors had any direct or indirect interests in any assets which had been acquired or disposed of by, or leased to any member of the Group or were proposed to be acquired or disposed of by, or leased to any member of the Group since 31 December 2019, being the date to which the latest audited consolidated accounts of the Group were made up.

5. DIRECTORS' INTEREST IN CONTRACTS

To the best of the Directors' knowledge, information and belief, none of the Directors was materially interested in any entered into by any member of the Group which was subsisting as at the date of this circular and was significant in relation to the business of the Group.

6. DIRECTORS' INTEREST IN COMPETING BUSINESS

As at the Latest Practicable Date, to the best of the Directors' knowledge, information and belief, none of the Directors or any of their respective close associates had any interest in any business which competes or is likely to compete, either directly or indirectly, with the Group's business.

7. MATERIAL CONTRACTS

The Group has entered into the following contracts (not being contracts entered into in the ordinary course of business) within the two years immediately preceding the date of this circular which is or may be material:

- (a) the partnership agreement entered into among Shanghai Industrial Green Industry Investment Management Co., Ltd.* (上實綠色產業投資管理(上海)有限公司) (“**SIGIM**”) (a joint venture company of which the Company owns 30% interest, as the general partner), SIIC Management (Shanghai) Co., Ltd.* (上實管理(上海)有限公司) (“**SIIC Management**”) (a wholly-owned subsidiary of the Company, as a limited partner), Shanghai Galaxy (a joint venture company of which the Company indirectly held 45% equity interest) (as a limited partner) and Shanghai Financing Re-Guarantee Co. Ltd.* (上海市再擔保有限公司) (as a limited partner) on 6 December 2019 to form the partnership in order to set up a fund to invest in, including but not limited to, strategic emerging industries such as new energy sources, environmentally-friendly energy and new materials by way of equity investment. The capital contribution to be made by SIGIM and SIIC Management are RMB1,000,000 and RMB63,000,000 respectively;
- (b) the joint venture agreement entered into among SIIC Environment Tech (Hong Kong) Limited (“**SIIC Environment Tech**”) (an indirect subsidiary of the Company), Eternal Way Wealth Creation Limited and Shanghai Overseas Enterprises (BVI) Co., Ltd. (“**Shanghai Overseas (BVI)**”) on 16 December 2019 in relation to the formation of a joint venture company namely Shanghai Yangtze River Delta Water Environment Investment Fund Limited (“**Shanghai Yangtze River**”), whereas the main purpose of setting up of Shanghai Yangtze River is to invest in Taizhou Water Group Company Limited (“**Taizhou Water**”) through the subscription of H shares of Taizhou Water as cornerstone investor. The capital contribution made by SIIC Environment Tech to Shanghai Yangtze River was RMB40,000,000;

- (c) the cooperation agreement entered into among Shangshi Urban Development (Shanghai) City Construction and Development Company Limited* (上實城開(上海)城市建設開發有限公司) (“**SSUD**”) (an indirect subsidiary of the Company), Shanghai Nuozhuo Enterprise Management Company Limited* (上海諾卓企業管理有限公司) (a joint venture company held as to 50% by the Group through Shanghai Urban Development (Holdings) Co., Ltd.* (上海城開(集團)有限公司), Shanghai Academy of Spaceflight Technology and Shanghai Aerospace Technology Enterprise Development Limited* (上海航天科創企業發展有限公司) on 27 December 2019 to set up a project company for the purposes of acquisition of land use right and development of the land situated at Hong Mei Block, Xuhui District, Shanghai, the PRC (中國上海市徐匯區虹梅街道), under which the aggregate capital commitment of the Group shall be RMB1,527,500,000;
- (d) the subscription agreement entered into among, SSUD, SIIC Financial Leasing Co., Ltd.* (上實融資租賃有限公司) (“**SIIC Financial Leasing**”), Shanghai Galaxy, Beijing Zhenchen Asset Management Co., Ltd.* (北京真辰資產管理有限公司), Shanghai Zhenchen Industrial Development Co., Ltd.* (上海真辰實業發展有限公司), Happy Sincere Investment Limited and Mr. Lin Zhen on 22 January 2020, pursuant to which, among other things, SSUD conditionally agreed to subscribe for 20% of the enlarged registered capital of SIIC Financial Leasing by injecting RMB407,942,343 cash into SIIC Financial Leasing;
- (e) the share transfer agreement entered into between Shanghai Hu-Ning Expressway (Shanghai Section) Co., Ltd. (“**Hu-Ning Expressway**”) (an indirectly wholly-owned subsidiary of the Company) and Shanghai Galaxy on 21 April 2020, pursuant to which Hu-Ning Expressway agreed to sell to Shanghai Galaxy 18,112,500 shares in Zhejiang Wufangzhai Industrial Co., Ltd.* (浙江五芳齋實業股份有限公司) for a total consideration of RMB419,508,055;
- (f) the joint venture agreement (the “**JV Agreement**”) entered into between S.I. Infrastructure Holdings Limited (a wholly-owned subsidiary of the Company) and Shanghai Overseas (BVI) on 23 October 2020, pursuant to which they agreed to jointly establish a joint venture company, namely S.I. Yangtze River Delta Ecological Development Company Limited (the “**JV Company**”), in Hong Kong for the main purpose of investing in the solid waste power generation business in the PRC by each paying HK\$1 as the subscription price. Pursuant to the JV Agreement, the JV Company would obtain initial financing of approximately RMB3,000,000,000 from financial institutions. To the extent that guarantees or other securities are required in respect of such borrowings from banks or financial institutions, they shall be furnished in the first instance by the JV Company and thereafter, if required and if the parties shall unanimously agree by each party severally on equivalent terms save and except that their liability in respect of such borrowings under such guarantees or other securities shall be pro-rata to their respective shareholdings in the JV Company;

(g) the partnership agreement entered into among SI Development (as a limited partner), Sichuan Huchuan Cooperative Innovation Investment Management Co., Ltd.* (四川川滬合作創新投資管理有限公司) (as the general partner), SIIC Shanghai Venture Capital Co., Ltd.* (上海上實創業投資有限公司) (as a limited partner) and Sichuan Enterprise Reform and Development Equity Investment Fund Partnership Enterprise (Limited Partnership)* (四川企業改革發展股權投資基金合伙企業(有限合伙)) (as a limited partner) on 20 November 2020 to form a partnership in order to set up a fund to invest principally in artificial intelligence industries. The capital contribution to be made by SI Development is RMB100,000,000; and

(h) the Land Use Rights Grant Contract

* For identification purpose only.

8. LITIGATION

As at the Latest Practicable Date, to the best of the Directors' knowledge, information and belief, no member of the Group was engaged in any litigation, arbitration or claim of material importance and no litigation, arbitration or claim of material importance was known to the Directors to be pending or threatened against any member of the Group that would have a material adverse effect on the results of operations or financial conditions of the Group.

9. MISCELLANEOUS

- (a) The registered office of the Company is at 26th Floor, Harcourt House, 39 Gloucester Road, Wanchai, Hong Kong.
- (b) The share registrar and transfer office of the Company is Tricor Secretaries Limited of 54th Floor, Hopewell Centre, 183 Queen's Road East, Hong Kong.
- (c) The company secretary of the Company is Mr. Yee Foo Hei who is a fellow member of The Hong Kong Institute of Chartered Secretaries, The Chartered Governance Institute and The Association of Chartered Certified Accountants.
- (d) In the event of any inconsistency, the English language text of this circular shall prevail over the Chinese language text.

10. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents are available for inspection at 26th Floor, Harcourt House, 39 Gloucester Road, Wanchai, Hong Kong during normal business hours on any business day (Saturdays and public holidays excluded) for a period of 14 days from the date of this circular:

- (a) the articles of association of the Company;
- (b) the annual reports of the Company for the financial years ended 31 December 2019 and 2018;

- (c) a copy of each of the material contracts referred to in the paragraph headed “7. Material Contracts” in this appendix; and
- (d) this circular.