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(Incorporated in Hong Kong with limited liability)

(Stock Code: 363)

CONNECTED TRANSACTION

INCREASE IN CAPITAL CONTRIBUTION TO SIIC ELDERLY CARE INVESTMENT CO., LTD.

On 29 April 2021, SIIC Shanghai Urban, being an indirect non-wholly owned subsidiary of the Company, entered into the Capital Injection Agreement with SIIC Dongtan, Shanghai Overseas and SIIC Elderly Care, pursuant to which it was agreed that (1) the registered capital of SIIC Elderly Care would increase from RMB20,000,000 to RMB520,000,000; and (2) SIIC Shanghai Urban, SIIC Dongtan and Shanghai Overseas shall make an additional capital contribution in proportion to their respective existing shareholding in the amount of RMB190,000,000, RMB190,000,000 and RMB120,000,000, respectively. Upon the Capital Increase, the percentage of equity interests held by SIIC Shanghai Urban, SIIC Dongtan and Shanghai Overseas in SIIC Elderly Care will remain unchanged at 38%, 38% and 24%, respectively.

As at the date of this announcement, SIIC is a 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. As such, SIIC Dongtan is an associate of SIIC and a connected person of the Company. Furthermore, SIIC Dongtan holds 38% of the registered capital of SIIC Elderly Care, and as such SIIC Elderly Care is an associate of SIIC Dongtan and a connected person of the Company. Accordingly, the Capital Increase under the Capital Injection Agreement constitutes a connected transaction of the Company under Chapter 14A of the Listing Rules.

As one or more of the applicable percentage ratios in respect of the Capital Increase exceeds 0.1% but all are below 5%, the Capital Increase is subject only to the reporting and announcement requirements, but is exempt from the independent shareholders' approval requirement under Chapter 14A of the Listing Rules.

CAPTIAL INJECTION AGREEMENT

Date of entering into the Capital Injection Agreement: 29 April 2021

Parties:

- (1) SIIC Shanghai Urban, an indirect non-wholly owned subsidiary of the Company;
- (2) SIIC Dongtan, an indirect subsidiary of SIIC;
- (3) Shanghai Overseas; and
- (4) SIIC Elderly Care.

Capital Increase

Under the Capital Injection Agreement, it was agreed that (1) the registered capital of SIIC Elderly Care would increase from RMB20,000,000 to RMB520,000,000; and (2) SIIC Shanghai Urban, SIIC Dongtan and Shanghai Overseas shall make an additional capital contribution in proportion to their respective existing shareholding in the amount of RMB190,000,000, RMB190,000,000 and RMB120,000,000, respectively. Upon the Capital Increase, the percentage of equity interest held by SIIC Shanghai Urban, SIIC Dongtan and Shanghai Overseas in SIIC Elderly Care will remain unchanged at 38%, 38% and 24%, respectively.

The following table sets out the respective equity interest held by SIIC Shanghai Urban, SIIC Dongtan and Shanghai Overseas in SIIC Elderly Care as at the date of this announcement and immediately upon the completion of the Capital Increase:

	As at the date of this announcement		Immediately upon completion of the Capital Increase	
	Amount of registered capital (RMB)	%	Amount of registered capital (RMB)	%
SIIC Shanghai Urban	7,600,000	38	197,600,000	38
SIIC Dongtan	7,600,000	38	197,600,000	38
Shanghai Overseas	4,800,000	24	124,800,000	24
Total	20,000,000	100	520,000,000	100

The Capital Increase shall be made by SIIC Shanghai Urban, SIIC Dongtan and Shanghai Overseas in cash on or before 27 May 2021. The additional capital contribution to be made by SIIC Shanghai Urban will be funded by its internal resources.

The amount of the Capital Increase was determined with reference to (1) the working capital currently available to SIIC Elderly Care; (2) the capital requirements of SIIC Elderly Care for the existing development projects; and (3) the respective percentages of equity interest held by SIIC Shanghai Urban, SIIC Dongtan and Shanghai Overseas in SIIC Elderly Care.

INFORMATION OF SIIC ELDERLY CARE

SIIC Elderly Care is a company established in the PRC with limited liability in January 2014. Its principal business is the development of an elderly community real estate project in Dongtan, Chongming District, Shanghai, the PRC by erecting 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 registered capital of SIIC Elderly Care is owned by SIIC Shanghai Urban, SIIC Dongtan and Shanghai Overseas as to 38%, 38% and 24%, respectively.

The audited net losses (both before and after taxation and extraordinary items) of SIIC Elderly Care for the two years ended 31 December 2019 and 2020, which were prepared in accordance with generally accepted accounting principles in the PRC, were as follows:

	Year ended 31 December	
	2019 (RMB'000)	2020 (RMB'000)
Net loss before taxation and extraordinary items	(60,442)	(71,676)
Net loss after taxation and extraordinary items	(60,054)	(71,447)

The audited net liabilities value of SIIC Elderly Care as at 31 December 2020 was approximately RMB172,397,000.

SIIC Elderly Care is equity accounted for as an associated company in the consolidated financial statements of the Company, and will continue to be so accounted for upon completion of the Capital Increase.

REASONS FOR AND BENEFITS OF THE CAPIATL INCREASE

The Capital Increase will enable SIIC Elderly Care to enhance its financial position and capability for its operation and financing, as well as to satisfy the expected capital requirement for the continuous development of its elderly community real estate project. It is believed that the Capital Increase will accelerate the business growth and development of SIIC Elderly Care, which in turn is beneficial to the Group in the long run.

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

None of the Directors had a material interest in the Capital Injection Agreement or was required to abstain from voting on the relevant Board resolution(s) approving the Capital Injection Agreement and the Capital Increase. However, (i) Mr. Shen Xiao Chu, an executive director and the chairman of SIIC; (ii) Mr. Zhou Jun, an executive director and the president of SIIC; and (iii) Mr. Xu Bo, an

executive director and a vice president of SIIC, have voluntarily abstained from voting on the Board resolution(s) approving the Capital Injection Agreement and the Capital Increase.

LISTING RULES IMPLICATIONS

As at the date of this announcement, SIIC is a 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. As such, SIIC Dongtan is an associate of SIIC and a connected person of the Company. Furthermore, SIIC Dongtan holds 38% of the registered capital of SIIC Elderly Care, and as such SIIC Elderly Care is an associate of SIIC Dongtan and a connected person of the Company. Accordingly, the Capital Increase under the Capital Injection Agreement constitutes a connected transaction of the Company under Chapter 14A of the Listing Rules.

As one or more of the applicable percentage ratios in respect of the Capital Increase exceeds 0.1% but all are below 5%, the Capital Increase is subject only to the reporting and announcement requirements, but is exempt from the independent shareholders' approval requirement under Chapter 14A of the Listing Rules.

INFORMATION OF THE PARTIES TO THE CAPITAL INJECTION AGREEMENT

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

SIIC Shanghai Urban is a wholly-owned subsidiary of SI Development, which in turn is a 48.6% owned subsidiary of the Company as at the date of this announcement. 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 principally engaged in financial investment, medicine, infrastructure, real estate and consumer products.

As at the date of this announcement, Shanghai Overseas is a state-owned company wholly-owned by the Shanghai municipal government and is principally engaged in, among others, domestic and overseas investment management.

To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, Shanghai Overseas and its ultimate beneficial owner are third parties independent of the Company and its connected persons.

DEFINITIONS

In this announcement, the following expressions shall have the meanings as set out below unless the context otherwise requires:

"associate(s)", "connected person(s)", "controlling shareholder", "percentage ratio(s)" and "subsidiary(ies)"	each has the meaning ascribed to it under the Listing Rules
"Board"	the board of Directors
"Capital Increase"	the contribution of additional capital to SIIC Elderly Care in accordance with the Capital Injection Agreement
"Capital Injection Agreement"	the capital injection agreement entered into among SIIC Shanghai Urban, SIIC Dongtan, Shanghai Overseas and SIIC Elderly Care on 29 April 2021, pursuant to which it was agreed that the registered capital of SIIC Elderly Care would increase from RMB20,000,000 to RMB520,000,000
"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)
"Director(s)"	the director(s) of the Company
"Group"	the Company and its subsidiaries from time to time
"Hong Kong"	the Hong Kong Special Administrative Region of the PRC
"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 announcement only, excluding Hong Kong and the Macao Special Administrative Regions of the PRC and Taiwan
"RMB"	Renminbi, the lawful currency of the PRC
"Shanghai Overseas"	上海海外公司 (Shanghai Overseas Company)*), a whole people-owned enterprise (全民所有制企業) and wholly-owned by the Shanghai municipal government

"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
"SIIC"	Shanghai Industrial Investment (Holdings) Company Limited, a company incorporated in Hong Kong with limited liability and a controlling shareholder of the Company
"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
"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, SIIC Dongtan and Shanghai Overseas as to 38%, 38% and 24%, respectively
"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
"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
"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, 29 April 2021

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