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(Incorporated in Hong Kong with limited liability)

(Stock Code: 363)

VOLUNTARY ANNOUNCEMENT

COMPENSATION ARRANGEMENT FOR WAIVERS OF TOLL MILEAGE OF CERTAIN ENTRY SECTIONS OF JING-HU EXPRESSWAY, HU-YU EXPRESSWAY AND HU-KUN EXPRESSWAY

This is a voluntary announcement made by Shanghai Industrial Holdings Limited (the “**Company**” and together with its subsidiaries, the “**Group**”).

Reference is made to the annual report of the Company for the financial year ended 31 December 2020 published on 16 April 2021 and the interim report of the Company for the six months ended 30 June 2020 published on 17 September 2020, which mentioned about the impact of the adjustments and waivers of toll mileage at entry sections of certain expressways operated by the Group on the toll revenue of the toll roads business of the Group.

Pursuant to the Notice on Regulating the Toll Mileage of the Entry Sections of Expressways in Shanghai City (《關於規範本市高速公路起始路段計費里程的通知》) jointly promulgated by Shanghai Municipal Transportation Commission (上海市交通委員會) (“**Shanghai Transportation Commission**”), Shanghai Municipal Development and Reform Commission (上海市發展和改革委員會) and Shanghai Municipal Finance Bureau (上海市財政局), Shanghai Transportation Commission has notified the Group of the waivers of toll mileage of certain entry sections of Jing-Hu Expressway, Hu-Yu Expressway and Hu-Kun Expressway operated by the Group effective from 6 May 2020 (“**Toll Waivers**”). Despite the Toll Waivers, the Group continues to be responsible for the maintenance and operation of those entry sections of the above expressways for the remaining period of the respective toll road concession rights.

In view of the Toll Waivers, on 22 June 2021, each of Shanghai Hu-Ning Expressway (Shanghai Section) Co., Ltd.* (上海滬寧高速公路 (上海段) 發展有限公司) (“**Hu-Ning Expressway**”), Shanghai Shen-Yu Development Co., Ltd.* (上海申渝公路建設發展有限公司) (“**Shen Yu Development**”) and Shanghai Luqiao Development Co., Ltd.* (上海路橋發展有限公司) (“**Luqiao Development**”), being indirect wholly-owned subsidiaries of the Group, entered into a compensation agreement (collectively, the “**Compensation Agreements**”) with Shanghai Transportation

Commission and Shanghai Municipal Investment (Group) Corporation* (上海城投(集團)有限公司). Pursuant to the Compensation Agreements, Shanghai Transportation Commission agreed to pay Hu-Ning Expressway, Shen Yu Development and Luqiao Development a sum of RMB853 million, RMB506 million and RMB2,194 million, respectively, by 30 June 2021, as economic compensation for the reduction of toll fee revenue arising from the Toll Waivers. Each of such sums will be accounted for as the Group's revenue over the remaining period of the respective toll road concession rights and such revenue after deducting the applicable value-added tax and profits tax will be recognized as the Group's net profit.

Taking into consideration all the facts and circumstances of the Toll Waivers (including but not limited to the compensation to be received by the Group), the Directors confirm that the Toll Waivers does not have, and is not expected to have, any significant impact on the principal business and operating income of the Company.

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

Hong Kong, 22 June 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