上海實業控股有限公司
SHANGHAI INDUSTRIAL HOLDINGS LIMITED
股份代號: 363.HK

4th Edition 2025 | Corporate Newsletter

Company News

SIHL (363.HK) Honored with "Best Hong Kong Stock Connect Company" and "Best IR Award (Individual)" at the "10th Zhitong Capital Market Annual Conference"

On December 3, SIHL won the "Best Hong Kong Stock Connect Company" and the "Best IR Award (Individual)", in recognition of its outstanding corporate governance, stable performance, and strong investor returns. The recognition of awards reflects the capital market's high regard for the company's overall strength and long-term value.

Since its launch in 2016, the Zhitong Capital Market Listed Company Awards have become the most significant and influential annual event in the Hong Kong and US stock markets. This year's selection process involved a comprehensive evaluation based on multiple dimensions, including performance, governance, industry position, social responsibility, and investor returns, combining public voting with expert reviews—ultimately selecting winners from over 1,000 listed companies.

Winning the "Best Hong Kong Stock Connect Company" affirms SIHL's achievements over the past year in steady operations, governance optimization, and continuous shareholder value creation. Looking ahead, SIHL will continue to focus on its four core business sectors, adhere to innovation-driven development, and create greater value for shareholders and society.

Four Core Businesses

Infrastructure and Environmental Protection

Comprising water services, toll roads and investments in new business arena. SIHL owns three toll roads in Shanghai. The water services business operates through two platforms, namely SIIC Environment (807.HK/BHK SG) and General Water of China.

Comprehensive Healthcare Operations

Shanghai S.I. Yangtze River Delta Ecological Development Co., Ltd., of which the Company indirectly holds a 50% equity stake, successfully acquired a 40% equity stake in Shanghai Pharmaceutical Group. Currently, Shanghai Pharmaceutical Group holds 19.348% of A shares of Shanghai Pharmaceuticals (601607 SSE, 2607 HKSE), a company listed both in Shanghai and Hong Kong, which makes it the single largest shareholder of its A shares.

Real Estate

Comprising property development, investment properties and property management. The two real estate operating platforms are SI Development (600748.SSE) and SI Urban Development (563.HK).

Consumer Products

Comprising two leading companies, namely Nanyang Tobacco and Wing Fat Printing, covering tobacco business with "Double Happiness" as its flagship brand, as well as printing/packaging of tobacco and pharmaceutical packaging and moulded fibre businesses respectively.

Company News

SIHL (363.HK) Won the "Outstanding Listed Company Award" and the "Most Socially Responsible Listed Company Award" at the 13th Capital Power Annual Event

On November 10, SIHL was awarded the "Outstanding Listed Company Award" and the "Most Socially Responsible Listed Company Award" at the 13th Capital Power Annual Event of Stockstar.com. These honors represent strong recognition from the capital markets for SIHL's dedication to innovation and leadership in driving transformation in recent years.

Since its launch in 2012, the Capital Power Awards held by Stockstar.com have been held for thirteen consecutive years, adopting a comprehensive selection process that combines online voting, public opinion index, and professional evaluation. The awards spotlight industry benchmarks and leaders achieving excellence with a global vision, showcasing the latest developments across sectors.

Winning both the "Outstanding Listed Company Award" and the "Most Socially Responsible Listed Company Award" underscores SIHL's leadership in innovation, governance, and fulfilling its economic, social, and environmental responsibilities. It also highlights the company's pioneering role in promoting green, low-carbon transformation, deepening social engagement, and enhancing corporate governance.

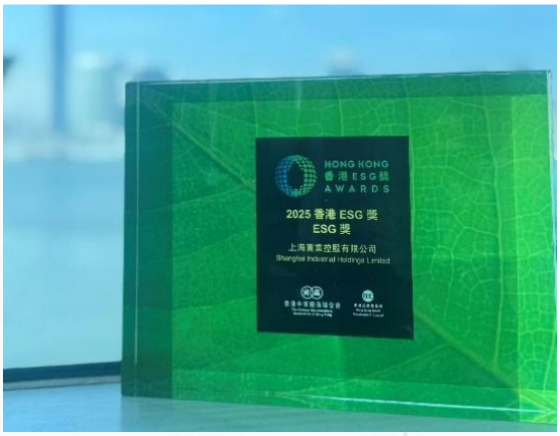
Company News

SIHL (363.HK) honored with 2025 Hong Kong ESG Awards

On October 17, SIHL was honored with the “2025 Hong Kong ESG Awards” presented by the Chinese Manufacturers' Association of Hong Kong, in recognition of its outstanding achievements in Environmental Protection, Social Responsibility, and Corporate Governance (ESG).

The award’s selection criteria assessed companies across two dimensions: overall ESG performance and project-specific performance. This included evaluations of sustainable development philosophy, environmental initiatives, social responsibility efforts, corporate governance practices, as well as the planning, execution, value creation, innovation, and sustainability of flagship ESG projects.

SIHL has consistently integrated sustainable development principles into daily operations and major decision-making, actively supporting China’s carbon peaking and carbon neutrality goals. The company is committed to a green, low-carbon development path, continuously exploring low-carbon technologies, reducing carbon emissions in sewage treatment projects, and advancing smart water services. In addition to receiving the ESG Award, SIHL also signed the “ESG Pledge”, committing to further action to enhance environmental protection, social responsibility, and corporate governance performance.



ESG 約章 Pledge

Company News

SIHL (363.HK) Announced Change of Auditor

On October 10, SIHL announced that, according to the relevant regulations issued by the Ministry of Finance of the People’s Republic of China, the State-owned Assets Supervision and Administration Commission of the State Council and the China Securities Regulatory Commission, there are restrictions in respect of the years of audit services that require the mandatory rotation of auditor upon reaching the prescribed time limit of audit services. Since the number of years that the Company has continuously engaged Messrs. Deloitte Touche Tohmatsu (“Deloitte”) has reached the prescribed time limit, the Company informed Deloitte of the requirement for the change of auditor.

The Board further announces that, with the recommendation of the audit committee of the Company (the “Audit Committee”), the Board has resolved to appoint Messrs. Ernst & Young (“EY”) as the new auditor of the Company to fill the casual vacancy following the resignation of Deloitte and to hold office until the conclusion of the next annual general meeting of the Company.

SIHL (363.HK) Announced Extension of Loans to JV Company

On September 18, SIHL announced that SIHL Finance (a wholly-owned subsidiary of the Company) and the JV Company (a joint venture company owned by SI Infrastructure, a wholly-owned subsidiary of the Company, as to 50% of its issued share capital) entered into the 2025 Loan Agreement II on 18 September 2025 to extend the last due date for repayment of the Existing Loan II, Existing Loan IV and Existing Loan V to 14 September 2026.

Research Report

Soochow Securities Initiates Coverage on Shanghai Industrial Holdings (363.HK) with "Buy" Rating, Citing Undervalued Quality Assets

On December 4, Soochow Securities released a research report highlighting Shanghai Industrial Holdings Limited (SIHL) as a comprehensive investment platform under the SIIC group. Leveraging a diversified strategy to achieve cross-cycle development, SIHL operates across four key sectors: Infrastructure & Environmental Protection, Real Estate, Consumer Products, and Big Health. The company reported a net profit attributable to the parent of HK$2.808 billion for 2024, with toll roads and public utility assets serving as core profit drivers, alongside growth in the tobacco export business.

Research Report

The report emphasizes SIHL's robust cash position and improving free cash flow, which provide strong support for high dividend payouts and suggest the company's true value is currently underestimated. Notably, the expected disposal of Canvest Environmental Protection in 2025 is projected to recoup approximately HK$4 billion in cash. As of the end of June, cash on hand stood at HK$27.3 billion. The company currently trades at a Price-to-Book (P/B) ratio of just 0.35x. Excluding the real estate sector, equity attributable to shareholders is approximately HK$38 billion (approx. 0.45x P/B), significantly lower than the Hong Kong industry average, indicating strong potential for a valuation re-rating.

Operationally, the Infrastructure & Environmental Protection sector continues to deliver stable profits as a high-quality asset class. The Real Estate sector is currently in a destocking phase with controllable risks, while the Consumer Products sector shows significant potential driven by post-pandemic recovery and tobacco export expansion.

Soochow Securities forecasts net profits attributable to the parent for 2025–2027 to be HK$2.57 billion, HK$2.803 billion, and HK$3.05 billion, respectively (corresponding to P/E ratios of 6.67x, 6.12x, and 5.62x). Given the ample cash reserves, capital recycling from the Canvest sale, and sustainable high dividends, Soochow Securities has initiated coverage with a "Buy" rating.

GF Securities Initiates Coverage on Shanghai Industrial Holdings (363.HK) with "Buy" Rating, Citing Strong Dividend Potential

On November 26, GF Securities released a research report initiating coverage on Shanghai Industrial Holdings (SIHL) with a "Buy" rating. The report identifies SIHL as the largest overseas comprehensive enterprise under the SIIC Group. Through a strategy of M&A integration to drive the listing and exit of quality assets, the company has achieved cumulative gains from asset disposals totaling HK$19.6 billion. SIHL has established four core business pillars: Infrastructure & Environmental Protection (toll roads + water), Consumer Products (tobacco + printing), Real Estate, and Big Health. As of the first half of 2025, the company held HK$27.3 billion in cash with a debt-to-asset ratio of 51.48%.

GF Securities believes that the toll road, environmental protection, and tobacco businesses will continue to generate strong cash flow. When combined with declining capital expenditure (Capex), this environment supports stable dividends and enhances shareholder returns. While operating cash flow from real estate has touched bottom, the company's abundant cash reserves provide a safety net for dividends while supporting growth. The report notes that improved cash flow will highlight dividend potential.

Research Report

Furthermore, real estate destocking has been effective, "Three Red Lines" metrics remain healthy, and a strategic focus on core cities keeps risk controllable. The report specifically highlights the value of SIHL's infrastructure assets. The company holds concession rights for the Shanghai sections of the Jing-Hu, Hu-Kun, and Hu-Yu expressways, which see an annual traffic volume exceeding 100 million vehicles and contribute over HK$1 billion in net profit attributable to the parent. Additionally, its subsidiary, SIIC Environment, theoretically generates RMB 2 billion in cash annually. With the acceleration of receivables collection under the backdrop of local government debt resolution ("Hua Zhai") and continued Capex contraction, combined with the recovery in profitability of the tobacco business, the company's cash-generating ability is robust.

GF Securities concludes that SIHL possesses not only a diversified portfolio of quality assets but also demonstrates long-term investment value currently undervalued by the market, backed by sound financials and an active dividend policy. Using the Price-to-Book (P/B) valuation method, the firm assigns a 0.5x P/B for 2025, corresponding to a fair value of HK$23.36 per share.

Infrastructure and Environmental Protection Business

SIIC Environment (807.HK) Announced Redesignation of Deputy General Manager to Chief Technology Officer and Appointment of Chief Digital Officer

On November 19, the board of directors of SIIC Environment announced that Mr. Qin Feng has been redesignated from Deputy General Manager to Chief Technology Officer of the Company. The Board further announced that Mr. Liu Haojiang has been appointed as Chief Digital Officer of the Company. According to the announcement, Mr. Qin will be responsible for the technology application and innovation of the Group, while Mr. Liu will be responsible for overseeing digital development and smart operations of the Group.

SIIC Environment (807.HK) Announced Change of Joint Company Secretary, Authorised Representative and Process Agent in Hong Kong, and Waiver from Strict Compliance with Rules 3.28 and 8.17 of the Listing Rules

On November 19, the board of directors of SIIC Environment announced that Mr. Man Yun Wah has ceased to act as one of the Joint Company Secretaries of the Company. Following the cessation of Mr. Man, Ms. Kam Mei Ha Wendy has been appointed as a Joint Company Secretary, an Authorised Representative and the Process Agent with effect from 13 November 2025 in place of Mr. Man. Mr. Lee Wei Hsiung will remain to serve as the other Joint Company Secretary.

Comprehensive Healthcare Business

Shanghai Pharmaceuticals Holding Co., Ltd. (2607.HK) Announced the "Proposal on the 2025 Interim Profit Distribution"

On October 31, Shanghai Pharmaceuticals Holding Co., Ltd. announced that the board of directors has reviewed and the "Proposal on the 2025 Interim Profit Distribution".

The Company's consolidated net profit attributable to shareholders of the listed company for the first half of 2025 amounted to RMB4,459 million (unaudited). The Company proposes to distribute cash dividend of RMB1.20 (tax inclusive) for every ten shares to all shareholders, based on the total share capital of 3,708 million shares as at 30 June 2025. The total proposed cash dividend will therefore amount to RMB445 million (tax inclusive), representing 9.98% of the consolidated net profit attributable to shareholders of the listed company for the first half of 2025.

Shanghai Pharmaceuticals Holding Co., Ltd. (2607.HK) Renewed Procurement Framework Agreement with Wingfat Printing

On October 31, Shanghai Pharmaceuticals Holding Co., Ltd. announced that it has renewed a procurement framework agreement with Wingfat Printing Co. for a term of one year, from 1 January 2026 to 31 December 2026. Pursuant to the agreement, Wingfat Printing Co. will continue to provide the Company with pharmaceutical printing and packaging materials.

Shanghai Pharmaceuticals Holding Co., Ltd. (2607.HK) Released 2025 Third Quarterly Report

On October 31, Shanghai Pharmaceuticals Holding Co., Ltd. released its third quarterly report for 2025. During the reporting period, the Company maintained a stable operating performance. For the first three quarters, the operating income of the Company amounted to RMB215.072 billion, representing a YOY increase of 2.60%, of which, the sales revenue from the pharmaceutical manufacturing was RMB18.164 billion, representing a YOY decrease of 0.66% and the sales revenue from the pharmaceutical services was RMB196.908 billion, representing a YOY increase of 2.91%.

From January to September 2025, the Company recorded RMB5.147 billion of net profit attributable to shareholders of the listed company, representing a YOY increase of 26.96%, mainly due to the one-off special gains arising from the change of the accounting treatment for Hutchison Pharmaceuticals from equity method accounting for a joint venture to subsidiary accounting. The net profit attributable to shareholders of parent company after deduction of the above-mentioned one-off special profit or loss amounted to RMB3.979 billion, representing a YOY decrease of 1.85%. From January to September 2025, the Company achieved the operating net cash inflow of RMB2.350 billion, continuing to maintain its high-quality development.

Comprehensive Healthcare Business

As at the end of the reporting period, the Company's total assets amounted to RMB236.746 billion, and owner's equity attributable to equity holders of listed company amounted to RMB75.783 billion. Overall, the Company continued to maintain stability in areas including R&D advancement, innovation in traditional Chinese medicine, expansion of commercial operations, and cash flow health, with sound fundamentals in operation.

Shanghai Pharmaceuticals Holding Co., Ltd. (2607.HK) Controlling Shareholder Completed Equity Consolidation of SPH Group; Indirect Shareholder Exited Shareholding

On September 26, Shanghai Pharmaceuticals Holding Co., Ltd. published a voluntary announcement disclosing the equity adjustments within its controlling shareholders.

On 24 September 2025, Shanghai Shangshi Yangtze River Delta and Shanghai Shangshi (Group) Co., Ltd. ("Shanghai Shangshi") entered into an equity transfer agreement, pursuant to which Shanghai Shangshi Yangtze River Delta agreed to transfer its 40% equity interest in Shanghai Pharmaceutical (Group) Co., Ltd. ("Shanghai Pharmaceutical (Group)") to Shanghai Shangshi. The total consideration for this transfer was RMB6,721.5148 million.

Following the transfer, Shanghai Shangshi Yangtze River Delta no longer held any equity interest in Shanghai Pharmaceutical (Group) and no longer held any equity interest in the Company in any form. The entire equity interest in Shanghai Pharmaceuticals will thereafter be held by Shanghai Shangshi.

Shanghai Pharmaceuticals Holding Co., Ltd. (2607.HK) Disclosed the Equity Adjustment within its Controlling Shareholders

On September 23, Shanghai Pharmaceuticals Holding Co., Ltd. (SH PHARMA) published a voluntary announcement disclosing the equity adjustments within its controlling shareholders. On 22 September 2025, the Company received notifications from its shareholders, Shanghai Shangshi (Group) Co., Ltd, ("Shanghai Shangshi") and Shanghai International Investment Limited ("SIIL") that the two parties had entered into an equity transfer agreement in respect of 100% equity interest in Shanghai Tandong Enterprise Consulting Services Co.,Ltd. ("Shanghai Tandong"), pursuant to which Shanghai Shangshi transferred its entire equity interest in Shanghai Tandong to SIIC at a consideration of RMB1.485 billion, which was funded by SIIL's own and self-raised funds.

Following the equity transfer, the shareholding structure of the Shanghai Shangshi has been adjusted. Therefore, SIIC still collectively held/controlled a total of 1,426,435,837 shares in the Company, representing 38.465% of the Company's total share capital. SIIC has control over Shanghai Shangshi.

Real Estate Business

SI Development (600748.SH) Releases Third Quarter Report for 2025

On October 29, SI Development released its third-quarter report for 2025. As of September 30, 2025, the company's total assets stood at RMB 29.742 billion, a decrease of 2.34% from the end of the previous year. Equity attributable to shareholders of the listed company was RMB 10.443 billion, a decline of 5.51% over the same period.

For the first three quarters of 2025, the company realized revenue of RMB 2.12 billion, representing a year-on-year increase of 32.45%. This growth was primarily driven by increased real estate sales revenue and the recognition of revenue from construction management services. However, the net loss attributable to the shareholders was RMB 609 million, largely dragged down by a significant asset impairment provision of approximately RMB 639 million recorded during the period. Notably, the company achieved a turnaround in the third quarter specifically, realizing a single-quarter profit of RMB 145 million.

In terms of cash flow, the net cash flow from operating activities from the beginning of the year to the end of the reporting period was a net outflow of RMB 499 million. Although remaining in negative territory, this represents a significant improvement compared to the net outflow of RMB 1.69 billion in the same period last year, thanks to a substantial increase in sales collection. Overall, while the company achieved revenue growth and operational improvement in the third quarter, total performance remains under pressure due to asset impairments. Moving forward, the focus will remain on optimizing asset quality and restoring sustainable profitability.

Between January and September 2025, the company did not acquire any new land reserves. As of September 30, the company had four projects under construction, all currently in the main construction phase, with a total gross floor area (GFA) of approximately 373,900 square meters. During the reporting period, one project was completed, totaling approximately 18,900 square meters.

Real Estate Business

In terms of sales performance for the first nine months of 2025, the company achieved cumulative contracted sales of approximately RMB 1.107 billion (RMB 1,106.58 million), representing a significant year-on-year increase of roughly 90.79%. Contracted sales area reached approximately 53,100 square meters, up about 44.27% year-on-year.

Regarding property leasing—which spans offices, retail shops, parking garages, and factories—the company realized rental income of approximately RMB 284.74 million for the period. While this represents a year-on-year decrease of about 10.46%, the total leased area actually increased by approximately 16.29% to 474,100 square meters.

SIUD (563.HK) Shanghai Healthcare Management Entered into the Equity Transfer Agreement with Shanghai Huashi and Shanghai Lingfeng Medical Pursuant

The Board announces that on 13 November 2025, SIUD Shanghai Healthcare Management entered into the Equity Transfer Agreement with Shanghai Huashi and Shanghai Lingfeng Medical pursuant to which Shanghai Huashi and SIUD Shanghai Healthcare Management conditionally agreed to sell, and Shanghai Lingfeng Medical conditionally agreed to purchase, the Equity Interest, representing 49% in the Target Company in aggregate, for a total consideration of RMB73,598,000.

As of the date of this announcement, the Target Company is owned as to 51%, 30% and 19% by Shanghai Lingfeng Medical, Shanghai Huashi and SIUD Shanghai Healthcare Management, respectively. The Group's 19% indirect interest in the Target Company is classified as investment in an associate in the consolidated financial statement of the Company. Upon Completion, the Company will cease to have any interest in the Target Company, and the Target Company will be wholly owned by Shanghai Lingfeng Medical. The Target Company will cease to be an associate of the Company.

SIUD (563.HK) Appoints Members of the Nomination Committee

The board of directors of Shanghai Industrial Urban Development Group Limited announces that Ms. Zhou Yadong, an executive Director, and Dr. Chan Ho Wah, Terence, an independent non-executive Director, have been appointed as members of the nomination committee of the Company with effect from 12 November 2025.

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Real Estate Business

SIUD (563.HK) Issued Corporate Bonds (Phase I) to Professional Institutional Investors

The board of directors of Shanghai Industrial Urban Development Group Limited announces that on 6 November 2025, Shanghai Urban Development (Holdings) Co., Ltd., a subsidiary of the Company established in the People's Republic of China, completed the issuance of its 2025 corporate bonds (Phase I) in the principal amount of not more than RMB1,150 million (the "2025 Phase I Corporate Bonds"). The 2025 Phase I Corporate Bonds are issued to professional institutional investors only and comprise two types: (i) the 2025 Phase I Corporate Bonds with a term of three years at a coupon rate of 2.08% per annum and an aggregate principal amount of RMB950 million; and (ii) the 2025 Phase I Corporate Bonds with a term of five years at a coupon rate of 2.56% per annum and an aggregate principal amount of RMB200 million. The entire issuance was conducted via an offline bookbuilding process directed at professional institutional investors.

Top 10 Shareholders

#	Name of Shareholders	Number of shares	%
1	Shanghai Industrial Investment (Holdings) Co Ltd.	686,654,748	63.16
2	Vanguard Group, Inc.	17,565,905	1.62
3	BlackRock Inc	9,120,173	0.84
4	Dimensional Fund Advisors LP	8,781,090	0.81
5	China Southern Asset Management Co	2,319,000	0.21
6	KB Asset Management Co Ltd	1,635,000	0.15
7	SEI Investments Co	1,454,204	0.13
8	American Century Cos Inc	1,228,000	0.11
9	Allianz SE	1,063,000	0.10
10	Charles Schwab Corp	699,398	0.06

Sources: Bloomberg (As of 18 December 2025)

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