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**THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION**

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**If you are in any doubt** as to any aspect of this circular or as to the action to be taken, you should consult your stockbroker or other registered dealer in securities, bank manager, solicitor, professional accountant or other professional adviser.

**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  
AND  
CONNECTED TRANSACTION**

**SALE OF EQUITY INTEREST IN A SUBSIDIARY  
– SHANGHAI HUANYU**

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Capitalised terms used on this cover page have the same meanings as defined in the section headed “Definitions” in this circular, unless the context requires otherwise.

A letter from the Board is set out on pages 5 to 14 of this circular.

The Equity Transfer Agreement and the Disposal have been approved by written approval obtained from SIIC, the controlling Shareholder, pursuant to Rule 14.44 of the Listing Rules in lieu of a general meeting of the Company. This circular is being despatched to the Shareholders for information only.

26 November 2021



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## DEFINITIONS

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

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| “associate”, “close associate(s)”, “connected person”, “controlling shareholder”, “percentage ratio(s)”, “subsidiary(ies)” and “substantial shareholder(s)” | each has the meaning ascribed to it under the Listing Rules  |
| “Binjiang U Center”   | a proposed composite commercial development located in Xuhui District, Shanghai occupying a total site area of approximately 77,370.5 sq.m.  |
| “Board”   | the board of Directors   |
| “Buyer”   | 上海徐匯資本投資有限公司 (Shanghai Xuhui Capital Investment Co., Ltd.*), a state-owned enterprise established in the PRC and wholly-owned by Xuhui SASAC   |
| “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) |
| “Completion”  | completion of the Disposal   |
| “Consideration”   | the total consideration for the acquisition of the Equity Interest payable by the Buyer under the Equity Transfer Agreement  |
| “Director(s)”   | the directors of the Company   |
| “Disposal”  | the sale of the Equity Interest pursuant to the Equity Transfer Agreement  |
| “Equity Interest”   | the 60% equity interest in Shanghai Huanyu to be disposed of pursuant to the terms of the Equity Transfer Agreement  |
| “Equity Transfer Agreement”   | the equity transfer agreement in relation to the Equity Interest entered into between SUD and the Buyer dated 20 October 2021  |
| “Group”   | the Company and its subsidiaries from time to time   |

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## DEFINITIONS

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| “HK\$”                                    | Hong Kong dollar(s), the lawful currency of Hong Kong  |
| “Hong Kong”                               | the Hong Kong Special Administrative Region of the PRC   |
| “Independent Valuer”                      | Cushman & Wakefield Limited, an independent valuer   |
| “Latest Practicable Date”                 | 24 November 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 of Hong Kong Limited   |
| “Management Consulting Service Agreement” | the management consulting service agreement dated 20 October 2021 entered into between Shanghai Huanyu, SUD Qianzhiyuan and SUD, pursuant to which Shanghai Huanyu engages SUD Qianzhiyuan to provide management consulting services in relation to Binjiang U Center        |
| “PRC”                                     | the People’s Republic of China (excluding, for the purpose of this circular, Hong Kong, the Macao Special Administrative Region of the PRC and Taiwan)   |
| “Project Management Services Agreement”   | the construction project entrusted management agreement dated 20 October 2021 entered into among Shanghai Huanyu, SUD Qianzhiyuan and SUD, pursuant to which Shanghai Huanyu engages SUD Qianzhiyuan to provide project management services in relation to Binjiang U Center |
| “Public Tender”                           | the public tender for the disposal of 60% equity interest in Shanghai Huanyu through the Shanghai Assets Exchange which took place between 13 September 2021 and 14 October 2021   |
| “Remaining Group”                         | the Group excluding Shanghai Huanyu upon Completion  |
| “RMB”                                     | Renminbi, the lawful currency of the PRC   |
| “SFO”                                     | the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)  |
| “Shanghai Assets Exchange”                | Shanghai United Assets and Equity Exchange (上海聯合產權交易所)   |

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## DEFINITIONS

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|----------------------------|--|
| “Shanghai Huanyu”          | 上海寰宇城市投資發展有限公司 (Shanghai Huanyu Urban Investment and Development Co., Ltd.*), an indirect subsidiary of the Company immediately prior to Completion and the subject of the Disposal  |
| “Shanghai West Coast”      | 上海西岸開發(集團)有限公司 (Shanghai West Coast Development (Group) Co., Ltd.*), a company established in the PRC and wholly-owned by Xuhui SASAC  |
| “Shanghai Xujiahui Center” | 上海徐家匯商城(集團)有限公司 (Shanghai Xujiahui Center (Group) Co., Ltd.*), a company established in the PRC and wholly-owned by Xuhui SASAC  |
| “Share(s)”                 | ordinary share(s) in the share capital of the Company  |
| “Shareholder(s)”           | registered holder(s) of the Share(s)   |
| “SIIC”                     | Shanghai Industrial Investment (Holdings) Company Limited, a company incorporated in Hong Kong with limited liability and a controlling shareholder of the Company   |
| “SIUD Group”               | SI Urban Development together with its subsidiaries  |
| “SIUD SGM”                 | a special general meeting to be held by SI Urban Development to consider and, if thought fit, approve the Equity Transfer Agreement and the transactions and arrangements contemplated thereunder  |
| “SI Urban Development”     | Shanghai Industrial Urban Development Group Limited, a company incorporated in Bermuda with limited liability whose shares are listed on the Main Board of the Stock Exchange (stock code: 563) and a non-wholly owned subsidiary of the Company |
| “Stock Exchange”           | The Stock Exchange of Hong Kong Limited  |
| “SUD”                      | 上海城開(集團)有限公司 (Shanghai Urban Development (Holdings) Co., Ltd.*), a 59% owned subsidiary of SI Urban Development. The remaining 41% of SUD is owned by Xuhui SASAC  |
| “SUD Qianzhiyuan”          | 上海城開乾之源城市建設管理有限公司 (Shanghai Urban Development Qianzhiyuan Urban Construction Management Co., Ltd.*), a company established in the PRC and wholly-owned by SUD  |

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## DEFINITIONS

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|               |  |
|---------------|--|
| “sq.m.”       | square metre(s)  |
| “Xuhui SASAC” | 上海市徐匯區國有資產監督管理委員會 (the State-owned Assets Supervision and Administration Commission of Shanghai Xuhui District*), a government authority authorised by and established directly under the Shanghai Xuhui District People’s Government for supervising and managing state-owned assets in the possession of Xuhui District, including but not limited to, exercising state-owned shareholders’ right over SUD |
| “%”           | per cent.  |

\* *For identification purposes only.*

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## LETTER FROM THE BOARD

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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)

### 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

26 November 2021

*To the Shareholders*

Dear Sir or Madam,

## MAJOR TRANSACTION AND CONNECTED TRANSACTION

### SALE OF EQUITY INTEREST IN A SUBSIDIARY – SHANGHAI HUANYU

#### INTRODUCTION

Reference is made to the announcement of the Company dated 20 October 2021 in relation to the sale of equity interest in Shanghai Huanyu (i.e. the Disposal).

The purpose of this circular is, among other things, to provide you with (i) further information on the Disposal; (ii) a valuation report of the property interests held by Shanghai Huanyu; and (iii) other information as required under the Listing Rules.

#### THE DISPOSAL

The Board announces that on 20 October 2021, SUD, an indirect non-wholly owned subsidiary of the Company, entered into the Equity Transfer Agreement with the Buyer on the disposal of the Equity Interest, representing 60% equity interest in Shanghai Huanyu (being the Group's entire interest in Shanghai Huanyu) for a total consideration of

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## LETTER FROM THE BOARD

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RMB3,576,000,000. The Equity Interest was offered for sale through the Public Tender conducted on the Shanghai Assets Exchange and the Buyer, as the sole bidder, succeeded in the open bid in relation to the Disposal.

The following summarises certain salient terms of the Equity Transfer Agreement.

### **Date**

20 October 2021

### **Parties**

- (1) SUD, a subsidiary of the Company (as the seller)
- (2) the Buyer (as the successful bidder to the Public Tender and buyer)

The Buyer is wholly-owned by Xuhui SASAC (a substantial shareholder of SUD). Therefore, the Buyer is an associate of Xuhui SASAC and a connected person of the Company at the subsidiary level.

### **Disposal**

Pursuant to the Equity Transfer Agreement, SUD has agreed to sell and the Buyer has agreed to buy, 60% equity interest in Shanghai Huanyu, representing the Group's entire interest in Shanghai Huanyu.

Given the equity interest in Shanghai Huanyu is regarded as state-owned assets under the relevant PRC rules, the transfer of the equity interest in Shanghai Huanyu was subject to the Public Tender through the Shanghai Assets Exchange with a minimum bidding price of RMB3,576,000,000 (the "**Minimum Bidding Price**") which was determined with reference to its appraised value as further set out in the paragraph headed "Consideration and Payment Terms" of this section headed "Letter from the Board" in this circular. The Public Tender was conducted in accordance with the relevant laws and regulations of the PRC, and took place from 13 September 2021 and concluded on 14 October 2021 (the "**Publication Period**"). During the Publication Period, interested bidders were invited to indicate their intention to purchase the Equity Interest and register themselves as an interested bidder. Pursuant to the terms of the Public Tender, in the event of receiving a sole bid, the sole bidder may still be selected as the winning bidder as long as the Minimum Bidding Price is met. The Buyer, as the sole bidder, succeeded in the open bid in relation to the Disposal having met the Minimum Bidding Price. Upon conclusion of the Public Tender on 14 October 2021 followed by a satisfactory assessment by the Shanghai Assets Exchange on the qualifications of the winning bidder, negotiation on the specific terms of the Disposal between SUD and the Buyer commenced for the purpose of entering into the Equity Transfer Agreement upon agreement between the parties. Upon signing of the Equity Transfer Agreement and subject to the satisfaction of the Conditions (as defined below) as further set out in the paragraph headed "Completion" of this section headed "Letter from the Board" in this circular, both SUD and the Buyer shall become committed to complete the Disposal.



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## LETTER FROM THE BOARD

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As at the Latest Practicable Date, Shanghai Huanyu is owned as to 60% by SUD, 30% by Shanghai West Coast and 10% by Shanghai Xujiahui Center. After the Completion, the Group will cease to have any interest in Shanghai Huanyu and its financial results will no longer be consolidated with the consolidated financial statements of the Group.

### Consideration and Payment Terms

The Consideration payable by the Buyer for the Equity Interest is RMB3,576,000,000. The Consideration is the outcome of the Public Tender which was accepted by the Group with reference to the appraised value of Shanghai Huanyu as at 30 June 2021. According to the valuation report issued by 上海財瑞資產評估有限公司 (Shanghai Cai Rui Assets Evaluation Co. Ltd.\*), an independent valuer, having conducted a valuation on Shanghai Huanyu using an asset-based approach, the appraised value of shareholders' equity interest of Shanghai Huanyu as at 30 June 2021 was approximately RMB5,957,000,000, and the appraised value of the Equity Interest amounted to approximately RMB3,574,000,000.

Pursuant to the Equity Transfer Agreement, the Consideration shall be payable by the Buyer to SUD in cash according to the following schedule:

- (i) an initial deposit: the Buyer has already paid a deposit in the amount of RMB1,072,800,000 to participate in the Public Tender, and such amount shall be applied towards payment of the Consideration after the effective date of the Equity Transfer Agreement (the “**Effective Date**”); and
- (ii) the remaining Consideration: the Buyer shall pay the balance of the Consideration in the amount of RMB2,503,200,000 within three business days after the Effective Date.

### Completion

Completion is conditional upon the satisfaction of the following conditions (the “**Conditions**”):

- (i) the shareholders of SI Urban Development having passed the resolution (the “**Shareholders' Approval**”) at the general meeting of SI Urban Development to approve the Disposal in accordance with the relevant requirements of the Listing Rules; and
- (ii) the Shanghai Assets Exchange having issued the proof for the transfer of Equity Interest (the “**Transfer of Equity Interest Proof**”) upon the Shareholders' Approval.

The Effective Date shall be the date of the Shareholders' Approval. The date of Completion shall be the date of satisfaction of all the Conditions.

No long stop date is specified in the Equity Transfer Agreement, and the parties intend to complete the Equity Transfer Agreement as soon as practicable after obtaining the Shareholders' Approval at the SIUD SGM.

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## LETTER FROM THE BOARD

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As post-Completion obligations, (i) SUD shall assist the Buyer to complete all administrative transitional matters for the purpose of the Disposal; and (ii) SUD and the Buyer will assist Shanghai Huanyu with the relevant industrial and commercial registration of change within 10 working days upon receipt of the Transfer of Equity Interest Proof.

To ensure smooth transition and continuation of the business of Shanghai Huanyu after Completion, on 20 October 2021, the relevant parties have entered into (i) the Management Consulting Service Agreement in respect of certain management consulting services for Binjiang U Center to be provided by SUD Qianzhiyuan to Shanghai Huanyu from the date of issuance of the Transfer of Equity Interest Proof to 31 December 2023, which involves the provision by SUD Qianzhiyuan of all aspects of the daily operation management of Binjiang U Center (including but not limited to project management, financial management and other administrative management) and designating management staff from SUD Qianzhiyuan to Shanghai Huanyu (the “**Management Staff Transitional Arrangement**”) for a management service fee to be calculated monthly based on labour cost incurred from the Management Staff Transitional Arrangement so as to facilitate a continuous and smooth development of Binjiang U Center following the Completion; and (ii) the Project Management Services Agreement in respect of certain project management services for Binjiang U Center to be provided by SUD Qianzhiyuan to Shanghai Huanyu from the date of issuance of the Transfer of Equity Interest Proof to the completion of Binjiang U Center for a management fee of RMB22,732,500 (the “**Management Fee**”), which includes the overall project management, initial planning, organising and managing tender processes, managing the design, progress and inspection of the construction works, assisting with settlement of the project and other related supporting services. The Management Fee was determined after arm’s length negotiation between SUD Qianzhiyuan and Shanghai Huanyu with reference to fees charged by other project management service providers on similar state-owned assets in Shanghai and the amount of remaining construction work of Binjiang U Center to be completed. The Management Fee is payable by Shanghai Huanyu to SUD Qianzhiyuan as follows, which was determined mainly with reference to the expected completion time of the remaining construction of Binjiang U Center:

- (a) 25% by 15 July 2022;
- (b) 25% by 15 January 2023;
- (c) 25% by 15 July 2023;
- (d) 15% once filings of the completion of Binjiang U Center are completed; and
- (e) 10% once the relevant real estate title certificate is received.

Upon Completion, SUD will no longer hold any equity interest in Shanghai Huanyu which will therefore cease to be a subsidiary of the Company. Given Xuhui SASAC is a substantial shareholder of SUD, Shanghai Huanyu will become an associate of Xuhui SASAC and a connected person at the subsidiary level of the Company. The Company will comply with all applicable requirements pursuant to Chapter 14A of the Listing Rules upon Completion.

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## LETTER FROM THE BOARD

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### INFORMATION OF THE GROUP

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

### INFORMATION OF THE BUYER

The Buyer is a company established in the PRC with limited liability and a wholly-owned subsidiary of Xuhui SASAC. It is principally engaged in investment-related activities including asset management, investment consulting and venture capital investment. Xuhui SASAC is a government authority authorised by and established directly under the Shanghai Xuhui District People's Government for supervising and managing state-owned assets in the possession of Xuhui District, the PRC.

### INFORMATION OF SHANGHAI HUANYU

Shanghai Huanyu is a limited liability company established in the PRC. As disclosed in the joint announcements published by the Company and SI Urban Development dated 14 April 2011 and 23 November 2011 and the circular published by SI Urban Development dated 31 October 2011, on 23 November 2011 (the "**Acquisition Completion Date**"), SI Urban Development completed the acquisition of the entire issued share capital of Silvery Champ Limited (the "**Target**") from the Company (the "**Acquisition**"). Prior to the Acquisition, Shanghai Huanyu was already a 60%-owned subsidiary of the Target. As at the Latest Practicable Date, Shanghai Huanyu is owned as to 60% by SUD, 30% by Shanghai West Coast and 10% by Shanghai Xujiahui Center. Shanghai Huanyu is the owner and developer of Binjiang U Center, a proposed composite commercial development located in Shanghai in the Xuhui District occupying a total site area of approximately 77,370.50 sq.m..

As at the Latest Practicable Date, Phase I of Binjiang U Center has been completed and is already in operation. Phase I of Binjiang U Center comprises five office buildings of four to six-storey high with a total gross floor area of 26,943.30 sq.m., and one multi-purpose building which contains parking spaces, retail shops and storage spaces with a total gross floor area of 33,891.38 sq.m..

The table below sets out certain audited consolidated financial information of Shanghai Huanyu for the years ended 31 December 2019 and 2020:

|  | <b>For the year ended</b> |              |
|--|---------------------------|--------------|
|  | <b>31 December</b>        |              |
|  | <b>2019</b>               | <b>2020</b>  |
|  | <i>(RMB)</i>              | <i>(RMB)</i> |
| Revenue  | –                         | 24,414,464   |
| Net loss before and after taxation and extraordinary items | (3,395,403)               | (14,561,326) |

The audited consolidated net asset value of Shanghai Huanyu as at 31 December 2020 was approximately RMB1,634,850,680.

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## LETTER FROM THE BOARD

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### REASONS FOR AND BENEFITS OF THE DISPOSAL

The development of the entire Binjiang U Center project involves a long construction period which is currently not expected to be completed until at least the end of 2023 and requires a substantial expected investment amount by Shanghai Huanyu of approximately RMB9,265,000,000 in aggregate. As at 30 June 2021, the carrying amount of the SIUD Group's investment in Shanghai Huanyu approximates to RMB2,739,919,000, which comprises the SIUD Group's share in the net asset value of Shanghai Huanyu and the SIUD Group's share of the historical acquisition premium in Shanghai Hanyu as at 30 June 2021 (being the carrying amount of aggregate revaluation gain on the parcels of land held by Shanghai Huanyu on the Acquisition Completion Date as at 30 June 2021). Shanghai Huanyu has incurred a total cost of approximately RMB2,400,490,000 so far for the Binjiang U Center project. It was originally anticipated by SI Urban Development that the commercial units of Binjiang U Center would be sold after completion of positive investment return. In 2020, the management of Shanghai Huanyu changed the intention in respect of the completed portion of Phase I of Binjiang U Center from selling the commercial units to leasing out a portion of the completed commercial units in return for steady revenue from the rental income instead. Such long-term shift in the operational model means a further delay in investment recovery period compared to the original expected year of 2046 for investment recovery when the Binjiang U Center project was launched. SI Urban Development expects that the Binjiang U Center project would impose a relatively large impact on the debt ratio of SI Urban Development and would not make any significant levels of positive performance contributions to SI Urban Development in the short run. Therefore, with a view to lowering the debt ratio of SI Urban Development, increasing its cash reserve, facilitating the carryover of profits and laying a solid foundation for the long-term development, active investment and expansion of new projects by SI Urban Development, the Group believes that the Disposal represents a good opportunity for SI Urban Development to realise its investment in Shanghai Huanyu and any potential gain from the Binjiang U Center project in one go in the form of the Disposal.

On the above basis, the Directors (including the independent non-executive Directors) consider that the Disposal has been made on normal commercial terms, albeit not in the ordinary and usual course of business of the Group; and that the terms of the Equity Transfer Agreement are fair and reasonable and that entering into of the Equity Transfer Agreement is in the interests of the Company and the Shareholders as a whole.

### FINANCIAL EFFECTS ARISING FROM THE DISPOSAL

Upon Completion, Shanghai Huanyu will cease to be a subsidiary of the Company and the Group will cease to have any interest in Shanghai Huanyu. The financial results of Shanghai Huanyu will no longer be consolidated with the consolidated financial statements of the Group following Completion.

Based on a preliminary assessment, it is estimated that SUD will record an unaudited gain after taxation on the Disposal of approximately RMB164,000,000 which represents:

- (i) the Consideration; less

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## LETTER FROM THE BOARD

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- (ii) RMB2,717,000,000 being SUD's interest and the SIUD Group's share of the historical acquisition premium in Shanghai Huanyu as at 31 December 2020 (being the carrying amount of aggregate revaluation gain on the parcels of land held by Shanghai Huanyu on the Acquisition Completion Date as at 31 December 2020); less
- (iii) RMB695,000,000, being the estimated taxation (the "**Estimated Taxation**") to be provided based on the Consideration and the initial investment cost.

The actual gain or loss as a result of the Disposal to be recorded by SUD is subject to a final audit to be performed by the auditors of SI Urban Development upon Completion.

The excess of the Consideration over the audited consolidated net asset value of Shanghai Huanyu as at 31 December 2020 is approximately RMB1,941,000,000.

### **Financial effect on earnings**

Upon Completion, the income statements of Shanghai Huanyu will no longer be consolidated to the consolidated income statement of the Group going forward. Assuming that the Disposal had taken place on 1 January 2021, the total revenue of the Remaining Group would slightly decrease from HK\$16,316,000,000 to HK\$16,297,000,000 for the first half of 2021.

### **Financial effect on assets and liabilities**

Upon Completion, the balance sheet of Shanghai Huanyu will no longer be consolidated to the consolidated balance sheet of the Group going forward.

Assuming that the Disposal had taken place on 30 June 2021, the total assets of the Remaining Group would decrease from approximately HK\$210,759,000,000 to approximately HK\$206,671,000,000, and the total liabilities of the Remaining Group would decrease from approximately HK\$125,683,000,000 to HK\$123,621,000,000.

### **Net proceeds from the Disposal**

Based on a preliminary assessment, it is estimated that the net proceeds before taxation from the Disposal amounts to approximately RMB3,538,000,000, which represents:

- (i) the Consideration; less
- (ii) RMB38,000,000, being the cash and cash equivalents of Shanghai Huanyu as at 30 June 2021.

Taking into account the Estimated Taxation, the net proceeds from the Disposal which is expected to be approximately RMB2,843,000,000 are expected to be used by the SIUD Group as follows:

- (i) approximately RMB1,421,500,000 for the partial repayment of the following medium term notes and advanced bonds:

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## LETTER FROM THE BOARD

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- (a) the medium term notes issued by SUD and listed on the Shanghai Stock Exchange with maturity due on 11 June 2022. Such medium term notes have an outstanding principal amount of RMB1,000,000,000 and accrued interest of RMB16,667,000 as of the Latest Practicable Date;
- (b) the advanced bonds issued by SUD and listed on the Shanghai Stock Exchange with maturity due on 23 August 2022. Such advanced bonds have an outstanding principal amount of RMB1,150,000,000 and accrued interest of RMB11,356,000 as of the Latest Practicable Date; and
- (c) the advanced bonds issued by SUD and listed on the Shanghai Stock Exchange with maturity due on 6 November 2022. Such advanced bonds have an outstanding principal amount of RMB1,767,000,000 and accrued interest of RMB6,582,000 as of the Latest Practicable Date;

the application of such portion of the net proceeds towards the repayment of the above medium term notes and advanced bonds will reduce the amount that is required to be refinanced upon maturity of such notes and bonds, and thereby improving the overall financial performance of the SIUD Group;

- (ii) approximately RMB1,000,000,000 for the payment of further land parcels to increase the land bank of the SIUD Group as and when opportunities arise. As at the Latest Practicable Date, the SIUD Group has yet to identify any specific land parcel investment opportunities; and
- (iii) the remaining net proceeds to be used for the settlement of daily operational and capital expenditures of the SIUD Group including construction costs incurred for investment properties under development.

### LISTING RULES IMPLICATIONS

As at the Latest Practicable Date, the Buyer is wholly-owned by Xuhui SASAC (a substantial shareholder of SUD). Given SUD is a subsidiary of the Company, the Buyer is therefore an associate of Xuhui SASAC and a connected person of the Company at the subsidiary level. Accordingly, the Disposal constitutes a connected transaction of the Company under the Listing Rules.

Pursuant to Rule 14A.101 of the Listing Rules, a connected transaction between the listed issuer's group and a connected person at the subsidiary level on normal commercial terms or better is exempt from the circular, independent financial advice and shareholders' approval requirements if: (1) the listed issuer's board of directors have approved the transaction; and (2) the independent non-executive directors have confirmed that the terms of the transaction are fair and reasonable, the transaction is on normal commercial terms or better and in the interests of the listed issuer and its shareholders as a whole.

The Company has obtained approval from the Board (including the independent non-executive Directors) regarding the Disposal and the Directors (including the independent non-executive Directors) have confirmed that the terms of the Disposal are fair and

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## LETTER FROM THE BOARD

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reasonable, and that the Disposal are on normal commercial terms and in the interests of the Company and the Shareholders as a whole. As such, pursuant to Rule 14A.101 of the Listing Rules, the Disposal is exempt from the circular, independent financial advice and shareholders' approval requirements under Chapter 14A of the Listing Rules.

As one or more of the applicable percentage ratios in respect of the Disposal exceed 25% but all of them are less than 75%, the Disposal constitutes a major transaction of the Company. Accordingly, the Disposal is subject to the reporting, announcement, circular and shareholders' approval requirements under Chapter 14 of the Listing Rules.

To the best of the knowledge, information and belief of the Directors having made all reasonable enquiries, none of the Shareholders or their respective close associates is required to abstain from voting under the Listing Rules if the Company were to convene an extraordinary general meeting for the approval of the Disposal.

As at the Latest Practicable Date, SIIC holds 683,803,748 Shares, representing approximately 62.90% of the issued share capital of the Company. The Company has obtained the written approval of SIIC on the Equity Transfer Agreement and the Disposal pursuant to Rule 14.44 of the Listing Rules. As a result, no extraordinary general meeting will be convened to consider the Disposal.

None of the Directors had a material interest in the Equity Transfer Agreement or was required to abstain from voting on the relevant Board resolution(s) approving the Equity Transfer Agreement and the Disposal.

**Completion is subject to the satisfaction of the Conditions and therefore, may or may not take place. Shareholders and potential investors of the Company are advised to exercise caution when dealing in the securities of the Company.**

### RECOMMENDATION

The Directors (including the independent non-executive Directors) consider that the Disposal has been made on normal commercial terms, albeit not in the ordinary and usual course of business of the Group; and that the terms of the Equity Transfer Agreement are fair and reasonable and that entering into of the Equity Transfer Agreement is in the interests of the Company and the Shareholders as a whole. Although a general meeting will not be convened by the Company to approve the Equity Transfer Agreement and the Disposal, if such a general meeting were to be convened by the Company, the Board would have recommended the Shareholders to vote in favour of the resolution(s) to approve the Equity Transfer Agreement and the Disposal.

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## LETTER FROM THE BOARD

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### 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 2018, 2019 and 2020 and the six months ended 30 June 2021 are disclosed in the following documents which have been published on both the website of the Stock Exchange (<https://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 2018 published on 17 April 2019 (page 73 to 204) (available on: <https://www1.hkexnews.hk/listedco/listconews/sehk/2019/0417/lt20190417155.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>);
- annual report of the Company for the year ended 31 December 2020 published on 16 April 2021 (pages 70 to 191) (available on: <https://www1.hkexnews.hk/listedco/listconews/sehk/2021/0416/2021041600235.pdf>); and
- interim report of the Company for the six months ended 30 June 2021 published on 16 September 2021 (pages 30 to 58) (available on: <https://www1.hkexnews.hk/listedco/listconews/sehk/2021/0916/2021091600335.pdf>).

## 2. STATEMENT OF INDEBTEDNESS

As at the close of business on 30 September 2021, 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\$65,109,502,000 and the details are as follows:

|                              | <i>HK\$'000</i>   |
|------------------------------|-------------------|
| <b>Bank borrowings</b>       |                   |
| – Secured and guaranteed     | 3,018,734         |
| – Secured and unguaranteed   | 15,214,642        |
| – Unsecured and guaranteed   | 9,407,252         |
| – Unsecured and unguaranteed | <u>25,908,335</u> |
|                              | <u>53,548,963</u> |

|   | <i>HK\$'000</i>          |
|---|--------------------------|
| <b>Other borrowings</b>                   |                          |
| – Unsecured and unguaranteed              | 10,933,109               |
| <b>Amounts due to related companies</b>   |                          |
| – Unsecured and unguaranteed              | 614,583                  |
| <b>Amounts due to fellow subsidiaries</b> |                          |
| – Unsecured and unguaranteed              | 1,472                    |
| <b>Amounts due to joint ventures</b>      |                          |
| – Unsecured and unguaranteed              | <u>11,375</u>            |
|   | <u>11,560,539</u>        |
| <b>Total</b>                              | <u><u>65,109,502</u></u> |

### **Mortgage and Charges**

As at the close of business on 30 September 2021, the Group's bank borrowings of approximately HK\$18,233,376,000 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 30 September 2021, the Group had lease obligations of approximately HK\$457,669,000 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 30 September 2021, 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 30 September 2021, the total outstanding mortgages guaranteed by the Group were RMB5,947,437,000 (equivalent to approximately HK\$7,183,762,000).

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

The Group entered into agreements with banks to provide a corporate guarantee with respect to the bank borrowing granted to the associates of the Group. As at 30 September 2021, the maximum liability of the Company under such guarantee was the outstanding amount of the bank borrowings to the associates of RMB1,162,617,000 (equivalent to approximately HK\$1,404,297,000).

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

The Group entered into agreements with banks to provide a corporate guarantee with respect to the bank borrowing granted to a joint venture of the Group. As at 30 September 2021, the maximum liability of the Company under such guarantee was the outstanding amount of the bank borrowings to the joint venture of HK\$1,784,398,000.

**General**

Except as disclosed above and apart from intra-group liabilities, the Group did not have, as at 30 September 2021, 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 the effect of the Disposal and in absence of unforeseen circumstances, the Group will have sufficient working capital for its present requirements, and for at least twelve months from the date of this circular.

#### 4. 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**

Since the second half of last year, the epidemic has been under control in the Mainland, leading to the resumption of normal operations of the road networks. Under the circumstances, the overall traffic flow and toll revenue of the three toll roads and the Hangzhou Bay Bridge owned by the Group recorded significant growth this year. The Group will continue to focus on epidemic prevention and enhance operational efficiency to maintain stable business development.

State leaders have called for the due implementation of various initiatives on "capping carbon emissions" and "achieving carbon neutrality" with the formulation of action plans to achieve carbon-emission capping by 2030, optimize industry and energy structures and to promote the clean and efficient use of coal. SIIC Environment Holdings Ltd. will seize good opportunities brought by national policies on promoting environmentally friendly and clean energy, as well as to explore new funding sources, accelerate the deployment of the Group's resources in the area of environmental protection technologies, facilitate the integration of business and financing, and promote the sustainable and quality development of the company.

Shanghai Galaxy Investment Co., Ltd.\* (上海星河數碼投資有限公司) ("**Shanghai Galaxy**") and its subsidiary, SIIC Aerospace Galaxy Energy (Shanghai) Co., Ltd., together own a total of 15 photovoltaic power generation projects nationwide and have become leading Chinese photovoltaics companies with a total asset scale of 740MW. Through investments in new business arenas, the Group's investments in the environmental protection and green energy segment are expected to generate new contributions to the Group.

##### **Real Estate**

With the PRC Government's effective control over the epidemic in the PRC, the Group's real estate business has sped up the pace of its construction projects and achieved significant progress. Relatively higher profits were generated this year which is mainly attributable from the sales revenue of the Shanghai Bay project (Phase 4) which is under development by Shanghai Industrial Development Co., Ltd. ("**SI Development**") and in which the Company holds a 49% interest. The increase in profit was also due to additional profit recorded during the period arising from sale of a property project of the Group and a revaluation gain arising from the re-classification of a property development project.

With diversified market uncertainties in the real estate business of the Company, the Group will closely monitor national policies and market trends, optimize its strategic plans, further explore market opportunities, revitalize existing assets, seek new sources of funds and financing channels, accelerate collection of receivables so as to improve operating efficiency, and promote healthy, stable and quality developments through transformation and upgrades.

### **Consumer Products**

The airport duty-free market as well as the ship-tobacco and overseas markets of Nanyang Brothers Tobacco Company, Limited (“**Nanyang Tobacco**”) are expected to be affected by the pandemic in the short-term, while sales from Mainland markets increased, and overall operations have been strong and efficient. The company will focus on developing new products, consolidating resources, establishing new marketing ideas, adjusting the structure of product channels, and actively plan for breakthroughs in the overall development of the company. In order to protect the interests of the company under controllable risks, Nanyang Tobacco will also continue to seek cooperation with large PRC cigarette enterprises for overseas production and sales, making efforts to enhance overall competitiveness by broadening the scope of the company’s markets and global presence.

The spread of the pandemic is not expected to be contained in the short term while inflation continues to prevail. Under the circumstances, The Wing Fat Printing Company, Limited will continue to work hard and forge ahead, actively tapping its potential to enhance operational efficiency. Capitalizing on its corporate development attributes, the company will make considerable efforts to monitor risk in a changing environment and develop plans for the future while striving to achieve its operational targets.

### **Outlook**

Looking forward, uncertainties surrounding the global epidemic and the political and economic situation pose enormous challenges to the business development of the Group. Against this scenario, the Group will continue to monitor the impacts of COVID-19 and will explore effective on-going prevention measures to contain the spreading of the virus. At the same time, the Group will continue to adhere to its reforms and innovations, stepping up its efforts in the upgrading of its core businesses, and enhancing its management efficiency and precision. The Group will also strive to consolidate its resources, strengthen its risk controls, improve its profitability, and continue to look for opportunities to acquire quality projects in order to optimize its asset portfolio and enhance the value for its shareholders.

*The following is the text of a letter, summary of valuation and valuation report prepared for the purpose of incorporation in this circular received from Cushman & Wakefield Limited, an independent property valuer, in connection with its opinion of market value in existing state of the Property of Shanghai Huanyu in the PRC as at 30 September 2021.*



27/F, One Island East  
Taikoo Place  
18 Westlands Road  
Quarry Bay  
Hong Kong

26 November 2021

The Directors  
Shanghai Industrial Holdings Limited  
26th Floor, Harcourt House,  
39 Gloucester Road,  
Wanchai, Hong Kong

Dear Sirs,

**Re: Binjiang U Center, east of Longteng Avenue, south of Longlan Road, west of Yunjing Road, north of Ruijiang Road, Xuhui District, Shanghai, the PRC (the “Property”)**

#### **Instructions, Purpose & Valuation Date**

In accordance with the instructions for us to value the Property of 上海寰宇城市投資發展有限公司 (Shanghai Huanyu Urban Investment and Development Co., Ltd.) (“Shanghai Huanyu”), an indirect subsidiary of Shanghai Industrial Holdings Limited (the “Company”), in the People’s Republic of China (the “PRC”), we confirm that we have carried out inspection, made relevant enquiries and obtained such further information as we considered necessary for the purpose of providing you with our opinion of the market value in existing state of the Property as at 30 September 2021 (the “Valuation Date”).

#### **Definition of Market Value**

Our valuation of the Property represent its Market Value which in accordance with HKIS Valuation Standards 2020 published by The Hong Kong Institute of Surveyors (“HKIS”) is defined as “the estimated amount for which an asset or liability should exchange on the valuation date between a willing buyer and a willing seller in an arm’s length transaction, after proper marketing and where the parties had each acted knowledgeably, prudently and without compulsion”.

**Valuation Basis & Assumptions**

Our valuation exclude an estimated price inflated or deflated by special terms or circumstances such as atypical financing, sale and leaseback arrangement, special considerations or concessions granted by anyone associated with the sale, or any element of value available only to a specific owner or purchaser.

In the course of our valuation of the Property situated in the PRC, with reference to the advice of Shanghai Huanyu, we have prepared our valuation on the basis that transferable land use rights in respect of the Property for its specific term at nominal annual land use fees have been granted and that any premium payable has already been fully settled. We have relied on the information and advice given by Shanghai Huanyu on PRC laws, regarding the title to the Property and the interest in the Property. In valuing the Property, we have prepared our valuation on the basis that the owner has enforceable title to the Property and have free and uninterrupted rights to use, occupy or assign the Property for the whole of the unexpired terms as granted.

No allowance has been made in our valuation for any charges, pledges or amounts owing on the Property nor any expenses or taxation which may be incurred in effecting a sale. Unless otherwise stated, it is valued on the basis that the Property is free from encumbrances, restrictions and outgoings of an onerous nature which could affect its value.

**Method of Valuation**

In valuing the Property which is held for sale by Shanghai Huanyu in the PRC, we have adopted Market Comparison Approach assuming sale of the Property in its existing state by making reference to comparable sales evidence as available in the relevant market subject to appropriate adjustments including but not limited to location, accessibility, size and other relevant factors.

In valuing the Property which is held for investment by Shanghai Huanyu in the PRC, we have adopted Investment Approach by capitalizing the net rental derived from the existing tenancies with due allowance for the reversionary potential of the Property or, wherever appropriate, by Market Comparison Approach assuming sale of the Property in its existing state by making reference to comparable sales evidence as available in the relevant market.

In valuing the Property which is held under development by Shanghai Huanyu in the PRC; we have adopted Market Comparison Approach by making reference to comparable sales evidences as available in the relevant market and, where appropriate, we have also taken into account the construction cost expended and the estimated construction cost to complete the development as at the Valuation Date.

In valuing the Property, we have complied with the requirements set out in Chapter 5 and Practice Note 12 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited and HKIS Valuation Standards 2020.

**Source of Information**

We have been provided by Shanghai Huanyu with extracts of documents in relation to the title to the Property. However, we have not inspected the original documents to ascertain any amendments which may not appear on the copies handed to us. In the course of our valuation, we have relied to a considerable extent on the information given by Shanghai Huanyu in respect of the Property in the PRC and have accepted advice on such matters as planning approvals or statutory notices, easements, tenure, identification of the Property, tenancy details, development scheme, construction cost, site and floor areas and all other relevant matters.

Dimensions, measurements and areas included in the valuation report are based on the information provided to us and are therefore only approximations. We have had no reason to doubt the truth and accuracy of the information provided to us by Shanghai Huanyu which is material to the valuation. We were also advised by Shanghai Huanyu that no material facts have been omitted from the information provided.

We would point out that the copies of documents provided to us are mainly compiled in Chinese characters and the transliteration into English represents our understanding of the contents. We would therefore advise the Company to make reference to the original Chinese edition of the documents and consult your legal adviser regarding the legality and interpretation of these documents.

**Title Investigation**

We have been provided by Shanghai Huanyu with copies of documents in relation to the current title to the Property. However, we have not been able to conduct searches to verify the ownership of the Property; we have not inspected the original documents to ascertain any amendments which may not appear on the copies handed to us. We are also unable to ascertain the title of the Property in the PRC but we have made reference to the copies of the title documents which have been made available to us by Shanghai Huanyu. All documents have been used for reference only and all dimensions, measurements and areas are approximate.

**Site Inspection**

Our Shanghai Office valuer, Rick Sun (15 years of valuation experience) have inspected the exterior and, wherever possible, the interior of the Property in October 2021. However, no structural survey has been made, but in the course of our inspection, we did not note any serious defects. We are not, however, able to report whether the Property is free of rot, infestation or any other structural defects. No tests were carried out to any of the services. Moreover, we have not carried out any investigations on site to determine the suitability of the soil conditions and the services etc. for any future development. Our valuation is prepared on the assumption that these aspects are satisfactory and that no extraordinary costs or delays will be incurred during the construction period.



Unless otherwise stated, we have not carried out on-site measurements to verify the site and floor areas of the Property and we have assumed that the areas shown on the copies of the documents handed to us are correct.

**Currency**

Unless otherwise stated, all monetary amounts indicated herein our valuation are in Renminbi (RMB) which is the official currency of the PRC.

**Market Volatility**

The recent outbreak of the Novel Coronavirus (COVID-19) has brought high volatility to global financial markets and uncertainty to the property market. It is expected that property values will be very sensitive to development of the pandemic and changes in the financial markets. The extents of impact on different sectors of the market are different and the time for marketing and negotiating sale of a property will be longer than normal. There will be less certainty as to how long a valuation may sustain and property prices may fluctuate rapidly and materially over a short period of time. Our valuation of the Property is valid only at the Valuation Date and any subsequent changes in market conditions as well as the resulting impacts on property values after the Valuation Date cannot be taken into account. If any party intends to make reference to our valuation when entering into any transaction, he must bear in mind the high market volatility during this period of time and that property values may or may not have changed since the Valuation Date.

**Other Disclosure**

We hereby confirm that Cushman & Wakefield Limited and the valuers conducting the valuation have no pecuniary or other interests that could conflict with the proper valuation of the Property or could reasonably be regarded as being capable of affecting our ability to give an unbiased opinion. We confirm that we are an independent qualified valuer, as referred to Rule 5.08 of the Listing Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

Please note that we have been appointed by Shanghai Industrial Urban Development Group Limited (“SIUD”) to prepare valuation of the Property for public disclosure purpose at the same time. We have sought consent from the Company and SIUD to carry out the valuation at the same time respectively. The Company and SIUD understand that our valuation will be carried out on an impartial basis without bias to any party concerned.

We attach herewith the summary of valuation and valuation report.

Yours faithfully,  
For and on behalf of  
**Cushman & Wakefield Limited**  
**Philip C Y Tsang**  
*Registered Professional Surveyor*  
*(General Practice)*  
*Registered China Real Estate Appraiser*  
*MSc, MHKIS*  
*Director*

*Note:* Mr. Philip C Y Tsang is Registered Professional Surveyor who has over 28 years' experience in the valuation of properties in the PRC.

## SUMMARY OF VALUATION

**Group I – Property held for sale/investment by Shanghai Huanyu in the PRC**

**Group II – Property held under development by Shanghai Huanyu in the PRC**

| <b>Property</b>  | <b>Group I Market Value in existing state as at 30 September 2021</b> | <b>Group II Market Value in existing state as at 30 September 2021</b> | <b>Total Market Value in existing state as at 30 September 2021</b> | <b>Market Value in existing state as at 30 September 2021 attributable to Shanghai Huanyu</b> |
|--|---|--|---|---|
| Binjiang U Center, east of Longteng Avenue, south of Longlan Road, west of Yunjing Road, north of Ruijiang Road, Xuhui District, Shanghai, the PRC | RMB1,458,000,000  | RMB7,168,000,000   | RMB8,626,000,000  | 100% interest attributable to Shanghai Huanyu: RMB8,626,000,000                               |

## VALUATION REPORT

## Group I – Property held for sale/investment by Shanghai Huanyu in the PRC

## Group II – Property held under development by Shanghai Huanyu in the PRC

| Property   | Description and tenure  | Particulars of occupancy   | Market Value in existing state as at 30 September 2021   |
|--|---|--|--|
| Binjiang U Center, east of Longteng Avenue, south of Longlan Road, west of Yunjing Road, north of Ruijiang Road, Xuhui District, Shanghai, the PRC | <p>The Property comprises a completed commercial development, Phase I, with 5 office buildings of four to six-storey and basement erected thereon a parcel of land with a total site area of 14,968.50 sq m which was completed in 2020 and an under development portion with a commercial complex development with 4 office buildings, retail podium and basement erected thereon a parcel of land with a total site area of 62,402.00 sq m.</p> <p>According to the information provided by Shanghai Huanyu, the breakdown gross floor area of completed portion and planned gross floor area of under development portion of the Property as follow:</p> | <p>As at the Valuation Date, for the completed portion, various office units with a total gross floor area of 28,282.88 sq m was subject to various tenancies with the latest expiry date on 30 June 2040 at a total monthly rent of approximately RMB2,800,000 exclusive of VAT and management fee.</p> <p>The remaining portion of the Property is currently vacant.</p> <p>As at the Valuation Date, the under development portion is under construction and scheduled to be completed in 2023.</p> | <p>RMB8,626,000,000<br/>(RENMINBI EIGHT BILLION SIX HUNDRED TWENTY SIX MILLION)</p> <p>(100% interest attributable to Shanghai Huanyu: RMB8,626,000,000 (RENMINBI EIGHT BILLION SIX HUNDRED TWENTY SIX MILLION))</p> |
|  | <p><b>Group I – held for sale/investment</b></p> <p><b>Completed Phase I</b></p> <p>5 office buildings 26,850.15</p> <p>Underground 13,061.10</p> <p>Carpark 21,494.73</p> <p>Ancillary 3,941.74</p> <p><b>Sub-total of Group I:</b> <b>65,347.72</b></p>   | <p><b>Gross Floor Area</b><br/>(sq m)</p>  |  |
|  | <p><b>Group II – held under development</b></p> <p><b>Remaining Phases</b></p> <p>Office 241,069.72</p> <p>Retail 20,906.71</p> <p>Carpark &amp; Ancillary 195,401.68</p> <p><b>Sub-total of Group II:</b> <b>457,378.11</b></p>  | <p><b>Planned Gross Floor Area</b><br/>(sq m)</p>  |  |
|  | <p><b>Grand Total of Group I and II:</b> <b>522,725.83</b></p>  |  |  |

| Property | Description and tenure   | Particulars of occupancy | Market Value in existing state as at 30 September 2021 |
|----------|--|--------------------------|--|
| con't    | <p>The Property is located at the Riverside Park, West Bund, Xuhui District, Shanghai. Developments in vicinity comprise mainly cultural and residential development such as West Bund Art Center and Jinlong Garden (金龍花苑).</p> <p>According to Shanghai Huanyu, the Property is for office and retail uses; there is no environmental issues and litigation dispute; there is no plan to change the use of the Property.</p> <p>The land use rights of the Property have been granted for various terms due to expire on 29 December 2053 for commercial use and 29 December 2063 for office and culture use respectively.</p> | –                        | –  |

*Notes:*

- (1) According to 4 Shanghai Certificates of Real Estate Ownership, the land use rights of the Property have been vested in Shanghai Huanyu with details as follows:

| Certificate No. | Date of Issue    | Lot No.                                     | Expiry Date of Land Use Term   | Site Area (sq m) |
|-----------------|------------------|---|--|------------------|
| (2013) 027721   | 31 December 2013 | 1/24 Qiu,<br>180 Jiefang,<br>Longhau Street | 29 December 2053<br>(commercial)<br>29 December 2063<br>(office and culture) | 14,968.50        |
| (2013) 027720   | 31 December 2013 | 1/23 Qiu,<br>180 Jiefang,<br>Longhua Street | 29 December 2053<br>(commercial)<br>29 December 2063<br>(office and culture) | 19,998.30        |
| (2013) 027719   | 31 December 2013 | 1/22 Qiu,<br>180 Jiefang,<br>Longhua Street | 29 December 2053<br>(commercial)<br>29 December 2063<br>(office and culture) | 23,528.60        |
| (2013) 027718   | 31 December 2013 | 1/21 Qiu,<br>180 Jiefang,<br>Longhua Street | 29 December 2053<br>(commercial)<br>29 December 2063<br>(office and culture) | 18,875.10        |
|                 |                  |   | <b>Total</b>   | <b>77,370.50</b> |

(2) According to Grant Contract of State-owned Land Use Rights dated 19 July 2016:

- (i) Grantee: Shanghai Huanyu
- (ii) Site Area: 77,370.50 sq m
- (iii) Land Use: Commercial, culture and office
- (iv) Plot Ratio: 188N-K-2: 3.6 (commercial)  
188N-L-2: 1.8 (commercial)  
188N-M-1: 4.6 (commercial)  
188N-O-1: 4.0 (commercial)
- (v) Plot Ratio Gross Floor Area: 188N-K-2: 69,460 sq m  
188N-L-2: 26,943.3 sq m  
188N-M-1: 108,231.6 sq m  
188N-O-1: 79,993.2 sq m
- (vi) Land Premium: RMB9,200,000
- (vii) Land Use Term: 40 years for commercial  
50 years for office  
50 years for culture
- (viii) Building Covenant: Complete construction on or before 1 January 2019

(3) According to Planning Permit for Construction Use of Land, the construction site of land is in compliance with the urban planning requirement with details as follows:

| Certificate No.         | Date of Issue    | Lot No.  | Usage                             | Site Area<br>(sq m) |
|-------------------------|------------------|--|-----------------------------------|---------------------|
| (2020) EA31000420144023 | 29 December 2014 | 1/21, 22, 23,<br>24 Qiu,<br>180 Jiefang,<br>Longhua Street | Commercial, culture<br>and office | 77,370.50           |

(4) Completed Phase I

According to a Real Estate Title Certificate, the land use rights of the Property have been vested in Shanghai Huanyu with details as follows:

| Certificate No. | Date of Issue | Lot No.                                     | Expiry Date of Land Use Term  | Site Area<br>(sq m) | Gross Floor Area<br>(sq m) |
|-----------------|---------------|---|---|---------------------|----------------------------|
| (2021) 008756   | 2 April 2021  | 1/24 Qiu,<br>180 Jiefang,<br>Longhau Street | 29 December 2053<br>(commercial)<br>29 December 2063<br>(office and<br>culture) | 14,968.50           | 60,250.79                  |

According to 2 Owner's Joint Real Estate Identification Certificates Nos. (2020) 177 and (2021) 189 dated 24 June 2020 and 9 February 2021 respectively. A total gross floor area of 5,096.93 sq m are owned and shared by landowner.

## (5) Remaining Phases

According to a Real Estate Title Certificate, the land use rights of the Property have been vested in Shanghai Huanyu with details as follows:

| Certificate No. | Date of Issue    | Lot No.                                     | Expiry Date of Land Use Term   | Site Area (sq m)           |
|-----------------|------------------|---|--|----------------------------|
| (2020) 022507   | 26 November 2020 | 1/24 Qiu,<br>180 Jiefang,<br>Longhau Street | 30 December 2053<br>(commercial)<br>30 December 2063<br>(office and culture) | 72,838.90<br>(underground) |

According to 5 Planning Permits for Construction Works, the construction works of the Property with a total gross floor area of approximately 457,378.11 sq m are in compliance with the requirement of urban planning and were permitted to be developed with details as follows:

| Certificate No.         | Date of Issue     | Block No. | Usage                                  | Gross Floor Area (sq m)  |
|-------------------------|-------------------|-----------|--|--------------------------|
| (2017) FA31000420176013 | 15 December 2017  | –         | Piling work                            | –                        |
| (2018) FA31000420186015 | 16 May 2018       | K2-1      | Commercial service & commercial office | 69,989.34                |
| (2018) FA31000420186025 | 4 July 2018       | M1-1      | Commercial service & commercial office | 105,722.35               |
|                         |                   | M1-2      | Commercial office                      | 1,740.45                 |
|                         |                   | M1-3      | Commercial office                      | 1,788.50                 |
|                         |                   | M1-4      | Commercial office                      | 1,221.50                 |
|                         |                   | M1-5      | Commercial office                      | 17.02                    |
| (2018) FA31000420186043 | 19 September 2018 | O1-1      | Commercial service & commercial office | 79,684.83                |
|                         |                   | O1-2      | Commercial office                      | 336.09                   |
|                         |                   | O1-3      | Commercial office                      | 680.00                   |
|                         |                   | O1-4      | Commercial office                      | 796.35                   |
| (2018) FA31000420186006 | 26 March 2018     | –         | Underground                            | 195,401.68               |
| <b>Total</b>            |                   |           |  | <b><u>457,378.11</u></b> |

According to 5 Permits for Commencement of Construction Works, the construction works of the Property with a total gross floor area of approximately 457,378.11 sq m, are in compliance with the requirements for the works commencement and have been permitted by relevant authorities with details as follows:

| Certificate No. | Date of Issue    | Block No.    | Usage                          | Gross Floor Area (sq m)  |
|-----------------|------------------|--------------|--------------------------------|--------------------------|
| 1402XH0167D03   | 29 December 2017 | –            | Piling work                    | –                        |
| 1402XH0167D04   | 4 April 2018     | –            | Underground                    | 195,401.68               |
| 1402XH0167D05   | 9 July 2018      | K2-1         | Commercial office              | 69,989.34                |
| 1402XH0167D06   | 16 August 2018   | M1-1 to M1-5 | Commercial office & commercial | 110,489.82               |
| 1402XH0167D07   | 25 October 2018  | O1-1 to O1-4 | Commercial office & commercial | 81,497.27                |
| <b>Total</b>    |                  |              |                                | <b><u>457,378.11</u></b> |

As advised by Shanghai Huanyu, the estimated total construction cost to complete the remaining phases of the development is approximately RMB6,256,000,000; a construction cost of approximately RMB1,389,000,000 has been expended for the remaining phases of the development as at the Valuation Date. In the course of our valuation, we have taken into account the said expended construction cost.

The estimated market value as if completed of the remaining phases of the proposed development as at the Valuation Date was approximately RMB15,230,000,000.

- (6) According to Business Licence No. 04000000202008110059 dated 11 August 2020, Shanghai Huanyu was established as a limited liability company with a registered capital of RMB830,528,640 for a valid operation period from 17 May 1996 to 26 July 2054.
- (7) The status of title and grant of major certificates, approvals and licences in accordance with the information provided by Shanghai Huanyu are as follows:

|  |     |
|--|-----|
| Shanghai Certificate of Real Estate Ownership        | Yes |
| Grant Contract of State-owned Land Use Rights        | Yes |
| Measure Report                                       | Yes |
| Housing Land Ownership Survey Report                 | Yes |
| Real Estate Title Certificate                        | Yes |
| Owner's Joint Real Estate Identification Certificate | Yes |
| Planning Permit for Construction Use of Land         | Yes |
| Planning Permit for Construction Works               | Yes |
| Permit for Commencement of Construction Works        | Yes |
| Business Licence                                     | Yes |

- (8) The respective Market Value in existing state of the Property is as below:

|   | <b>Market Value in<br/>existing state as<br/>at 30 September<br/>2021<br/>(RMB)</b> |
|---|---|
| Group I – Property held for sale/investment by Shanghai Huanyu in the PRC | 1,458,000,000   |
| Group II – Property held under development by Shanghai Huanyu in the PRC  | <u>7,168,000,000</u>  |
| <b>Grand Total of Group I and II:</b>                                     | <b><u><u>8,626,000,000</u></u></b>  |



## 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**SI Urban Development*

| Name of Director | Capacity         | Nature of interests | Number of issued SI Urban Development shares held | Approximate percentage of the issued SI Urban Development 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 positions 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           | 683,803,748<br>(Notes 1 and 2)            | 62.90%                                      |

*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, 31,476,000 Shares and 10,000 Shares respectively, and was accordingly deemed to be interested in the respective Shares and underlying Shares held by the aforementioned companies.
- (2) All interests stated above represented long positions.

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:

| <b>Name of Director</b> | <b>Position held in SIIC</b>                  |
|-------------------------|---|
| Shen Xiao Chu           | executive director and chairman               |
| Zhou Jun                | executive director and president              |
| Xu Bo                   | 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 2020, 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 contract or arrangement 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. QUALIFICATION AND CONSENT OF EXPERT**

The following is the qualification of the expert who has given opinion or advice, which is included in this circular:

| <b>Name</b>                 | <b>Qualification</b> |
|-----------------------------|----------------------|
| Cushman & Wakefield Limited | Independent Valuer   |

The Independent Valuer has given and has not withdrawn its written consent to the issue of this circular with the inclusion of its letter, report and/or references to its name in the form and context in which they appear.

As at the Latest Practicable Date, the Independent Valuer did not have any shareholding in any member of the Group or the right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in any member of the Group.

As at the Latest Practicable Date, the Independent Valuer did not have any direct or indirect interest in any assets which have been, since 31 December 2020, being the date to which the latest audited consolidated accounts of the Group were made up, 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.

## 8. 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.\* (上海滬寧高速公路(上海段)發展有限公司) (“**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, a non-wholly owned subsidiary of the Company, (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;

- (h) the compensation agreements entered into by each of 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, with Shanghai Municipal Transportation Commission (上海市交通委員會) and Shanghai Municipal Investment (Group) Corporation\* (上海城投(集團)有限公司) on 22 June 2021, pursuant to which, Shanghai Municipal Transportation Commission agreed to pay Hu-Ning Expressway, Shen Yu Development and Luqiao Development a sum of RMB853,000,000, RMB506,000,000 and RMB2,194,000,000, respectively, by 30 June 2021, as economic compensation for the reduction of toll fee revenue arising from 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;
- (i) the entrustments agreements entered into between each of the relevant companies (i.e. Hu-Ning Expressway, Luqiao Development, Shen-Yu Development and Wing Fat Printing (Dongguan) Co., Ltd.\* (永發印務(東莞)有限公司) (“**WF Dongguan**”), each being an indirect subsidiary of the Company) and Shanghai Galaxy on 19 August 2021 for a term of three years from the date when Shanghai Galaxy serves a written notice to the relevant companies requesting for the provision of the initial entrustment fund. Each relevant company shall provide at least RMB10,000,000 as the initial entrustment fund. The total maximum amount of the entrustment fund to be provided by all the relevant companies shall be no more than RMB500,000,000, provided that: (i) the maximum amount of entrustment fund from each of Hu-Ning Expressway, Luqiao Development and Shen Yu Development shall not exceed RMB500,000,000; and (ii) the maximum amount of entrustment fund from WF Dongguan shall not exceed RMB200,000,000. Shanghai Galaxy shall pay guaranteed returns calculated on a daily basis at the rate of 5% per annum on the accumulated principal of the entrustment funds. If there is any revenue surplus after making the relevant distribution and deducting all taxes and expenses, such sum shall be divided between Shanghai Galaxy and the relevant companies on a 50:50 basis. 50% of the revenue surplus shall be distributed among the relevant companies based on the amount of entrustment funds entrusted and the duration of entrustment;
- (j) the subscription agreement entered into among Chelsea Securities Limited (“**Chelsea Securities**”) (an indirect non-wholly owned subsidiary of the Company), Tianjin Trust Co., Ltd.\* (天津信託有限責任公司) (“**Tianjin Trust**”) and Mr. Wang Weixian (“**Mr. Wang**”) on 31 August 2021, pursuant to which each of Tianjin Trust and Mr. Wang conditionally agreed to pay HK\$94,529,097 and HK\$23,632,097, respectively for the subscription of 133,333 and 33,333 shares of Chelsea Securities, representing 50.00% and approximately 12.50% of the enlarged issued share capital of Chelsea Securities, respectively;

- (k) the equity transfer agreement entered into among Shanghai Industrial Urban Development (Shanghai) Healthcare Management Co., Ltd.\* (上實城開(上海)大健康管理有限公司) (“**SIUD Healthcare Management**”) (an indirect non-wholly owned subsidiary of the Company), SIIC Shanghai Venture Capital Co., Ltd.\* (上海上實創業投資有限公司), Shanghai Huashi Asset Management Co., Ltd.\* (上海華氏資產經營有限公司), SIIC Dongtan Investment & Development (Holdings) Co., Ltd.\* (上海實業東灘投資開發(集團)有限公司) (“**SIIC Dongtan**”) and Shanghai Dongyi Property Co., Ltd.\* (上海東頤置業有限公司) (“**Shanghai Dongyi Property**”) on 15 October 2021, pursuant to which SIIC Dongtan has conditionally agreed to, among others, transfer 40% equity interest in Shanghai Dongyi Property to SIUD Healthcare Management for a cash consideration of approximately RMB48,296,090. Following completion of the equity transfer, SIUD Healthcare Management will contribute RMB72,000,000 in cash to the registered capital of Shanghai Dongyi Property; and
- (l) the Equity Transfer Agreement.

\* For identification purpose only.

## 9. 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.

## 10. 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 Chartered Governance Institute, 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.

## 11. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents will be published on the websites of the Stock Exchange (<http://www.hkexnews.hk>) and the Company (<http://www.sihl.com.hk>) for a period of 14 days from the date of this circular:



- (a) the material contracts referred to in the paragraph headed “8. Material Contracts” in this appendix;
- (b) the Equity Transfer Agreement;
- (c) the Management Consulting Service Agreement;
- (d) the Project Management Services Agreement;
- (e) the valuation report dated 26 November 2021 prepared by the Independent Valuer in connection with the property of Shanghai Huanyu in the PRC as at 30 September 2021 as set out in Appendix II to this circular; and
- (f) the written consent referred to in the paragraph headed “7. Qualification and Consent of Expert” in this appendix.