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(Incorporated in Hong Kong with limited liability)

(Stock Code: 363)

DISCLOSEABLE TRANSACTION

PROVISION OF LOAN TO JV COMPANY

On 31 March 2023, 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 Loan Agreement, pursuant to which SIHL Finance has agreed to lend, and the JV Company has agreed to borrow, the Loan in the principal amount of no more than HK\$300,000,000 with a term of one year.

As the Existing Loans and the Loan were granted to the JV Company and the drawdown amounts of the Existing Loans have not been repaid, the transactions under each of the Existing Loan Agreement I, the Existing Loan Agreement II and the Loan Agreement require aggregation under Rule 14.22 of the Listing Rules.

As the highest applicable percentage ratio calculated under Rule 14.07 of the Listing Rules in respect of the Loan exceeds 5% but is less than 25%, such transaction constitutes a discloseable transaction of the Company under Chapter 14 of the Listing Rules. As the highest applicable percentage ratio calculated under Rule 14.07 of the Listing Rules in respect of the Loan in aggregate with the Existing Loans exceeds 5% but is less than 25%, the Loan, when considered in aggregate with the Existing Loans, remains as a discloseable transaction of the Company under Chapter 14 of the Listing Rules and is subject to the reporting and announcement requirements but is exempt from the shareholders' approval requirement.

On 31 March 2023, SIHL Finance, a wholly-owned subsidiary of the Company and the JV Company entered into the Loan Agreement, pursuant to which SIHL Finance has agreed to lend, and the JV Company has agreed to borrow, the Loan. The Loan will be funded by its internal resources.

THE LOAN AGREEMENT

Date

31 March 2023

Parties

- (i) SIHL Finance (as the lender); and
- (ii) JV Company (as the borrower).

Principal amount

The principal amount of the Loan shall be no more than HK\$300,000,000.

Term

The term of the Loan is one year from the date of drawdown of the Loan (the “**Maturity Date**”).

Interest rate

The interest rate of the Loan for each interest period shall be the three-month HIBOR plus a margin of 2.4% (the “**Interest Rate**”). The three-month HIBOR shall be the rate appearing on Reuters page “HKABHIBOR” at 11:00 a.m. (Hong Kong time) on the first day of each interest period.

If for any reason the above three-month HIBOR is not available during the term of the Loan, the interest for the next interest period will be determined after negotiation between SIHL Finance and the JV Company with reference to the amount of costs reasonably incurred by SIHL Finance for the provision of the Loan and the applicable market interest rate.

Default Interest

If the JV Company defaults in repayment on the due date of the Loan, interest or other amounts payable under the Loan Agreement, the JV Company shall pay interest on such overdue sums from the due date at the rate of the Interest Rate plus a margin of 2.5% per annum.

Repayment

The principal amount of the Loan together with the accrued interest due and payable and all other amounts owing under the Loan Agreement shall be paid on the Maturity Date. The JV Company shall pay the interest in cash quarterly with the first interest payment on 30 June 2023.

The JV Company may pre-pay the Loan, whether in whole or in part, on the last business day of each month by giving SIHL Finance not less than 10 business days (or such shorter period as SIHL Finance may agree) prior notice.

Purpose of the Loan

The purpose of the Loan is for the payment of loan interest and operating expenses of the JV Group.

REASONS FOR AND BENEFITS OF THE TRANSACTION

The principal amount and the interest rate of the Loan to be provided by SIHL Finance to the JV Company were determined after arm's length negotiation between SIHL Finance and the JV Company, and were determined with reference to the working capital currently available to and the capital requirements of the JV Group to finance any possible acquisitions.

The provision of the Loan together with the Existing Loans by the Group is part of the Group's arrangement to provide financing to the JV Group for its business expansion, and will provide reasonable interest to the Group. Also, the JV Group's current plans to expand its business in the pharmaceutical and health sector in the PRC is in line with the strategic business development of the Group. The investment is expected to generate more profits for the JV Group, thus increasing the profit contribution to the Group.

The Board (including the independent non-executive Directors) believes that the Loan Agreement has been entered into on normal commercial terms, and the terms of the Loan Agreement are fair and reasonable and in the interests of the Company and its shareholders as a whole.

LISTING RULES IMPLICATIONS

As the Existing Loans and the Loan were granted to the JV Company and the drawdown amounts of the Existing Loans have not been repaid, the transactions under each of the Existing Loan Agreement I, the Existing Loan Agreement II and the Loan Agreement require aggregation under Rule 14.22 of the Listing Rules.

As the highest applicable percentage ratio calculated under Rule 14.07 of the Listing Rules in respect of the Loan exceeds 5% but is less than 25%, such transaction constitutes a discloseable transaction of the Company under Chapter 14 of the Listing Rules. As the highest applicable percentage ratio calculated under Rule 14.07 of the Listing Rules in respect of the Loan in aggregate with the Existing Loans exceeds 5% but is less than 25%, the Loan, when considered in aggregate with the Existing Loans, remains as a discloseable transaction of the Company under Chapter 14 of the Listing Rules and is subject to the reporting and announcement requirements but is exempt from the shareholders' approval requirement.

INFORMATION ON THE PARTIES TO THE LOAN AGREEMENT

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

SIHL Finance, a wholly-owned subsidiary of the Company, is principally engaged in finance business.

As at the date of this announcement, the JV Company is owned as to 50% by SI Infrastructure and as to 50% by Shanghai Overseas (BVI). The JV Company is principally engaged in investment holding business.

SI Infrastructure, a wholly-owned subsidiary of the Company, is principally engaged in investment holding. Shanghai Overseas (BVI) is principally engaged in investment holding. As at the date of this announcement, it is a wholly-owned subsidiary of Shanghai Overseas Enterprises Corporation, which is a state-owned company wholly-owned by the Shanghai municipal government and is principally engaged in, among others, domestic and overseas investment management. To the best of the Directors' knowledge, information and belief and after having made all reasonable enquiries, Shanghai Overseas (BVI) and its ultimate beneficial owner(s) are third parties independent of the Company and its connected persons.

DEFINITIONS

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

“Board”	the board of Directors
“business day”	a day (other than a Saturday or Sunday) on which banks are generally open in Hong Kong for business
“Company”	Shanghai Industrial Holdings Limited, a company incorporated in Hong Kong with limited liability, the shares of which are listed on the Main Board of the Stock Exchange (stock code: 363)
“Director(s)”	the director(s) of the Company
“Existing Loan I”	a loan in the principal amount of no more than HK\$150,000,000 provided by SIHL Finance to the JV Company for a term of three years from the date of drawdown of the loan at the interest rate of the three-month HIBOR plus a margin of 2.4% per quarter under the Existing Loan Agreement I
“Existing Loan II”	a loan in the principal amount of no more than HK\$1,450,000,000 provided by SIHL Finance to the JV Company under the Existing Loan Agreement II, details of which were disclosed in the announcement of the Company dated 10 October 2022
“Existing Loan Agreement I”	the loan agreement dated 1 March 2021 and entered into between SIHL Finance and the JV Company in relation to the provision of the Existing Loan I

“Existing Loan Agreement II”	the loan agreement dated 10 October 2022 and entered into between SIHL Finance and the JV Company in relation to the provision of the Existing Loan II
“Existing Loans”	the Existing Loan I and the Existing Loan II
“Group”	the Company and its subsidiaries from time to time
“HIBOR”	Hong Kong Interbank Offered Rate
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Interest Rate”	has the meaning set out in the section headed “THE LOAN AGREEMENT – Interest Rate” of this announcement
“JV Company”	S.I. Yangtze River Delta Ecological Development Limited, a joint venture company with limited liability incorporated in Hong Kong, and jointly established by SI Infrastructure and Shanghai Overseas (BVI)
“JV Group”	the JV Company and its wholly-owned subsidiary, Shanghai SI Yangtze
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Loan”	the loan in the principal amount of no more than HK\$300,000,000 provided by SIHL Finance to the JV Company under the Loan Agreement
“Loan Agreement”	the loan agreement dated 31 March 2023 and entered into between SIHL Finance and the JV Company in relation to the provision of the Loan
“Maturity Date”	has the meaning set out in the section headed “THE LOAN AGREEMENT - Term” of this announcement
“percentage ratio(s)” and “subsidiary(ies)”	each has the meaning ascribed to it under the Listing Rules
“PRC”	the People’s Republic of China, and for the purpose of this announcement only, excluding Hong Kong, the Macao Special Administrative Region of the PRC and Taiwan

“Shanghai Overseas (BVI)”	Shanghai Overseas Enterprises (BVI) Co., Ltd, a company incorporated in the British Virgin Islands with limited liability and a wholly-owned subsidiary of Shanghai Overseas Enterprises Corporation
“Shanghai SI Yangtze”	上海上實長三角生態發展有限公司(S.I. Yangtze River Delta Ecological Development Co., Ltd.*), a company established in the PRC with limited liability and a wholly-owned subsidiary of the JV Company
“SIHL Finance”	SIHL Finance Limited, a company incorporated in the British Virgin Islands with limited liability and a wholly-owned subsidiary of the Company
“SI Infrastructure”	S.I. Infrastructure Holdings Limited, a company incorporated in the British Virgin Islands with limited liability and a wholly-owned subsidiary of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“%”	per cent.

**For identification purposes only.*

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

Hong Kong, 31 March 2023

As at the date of this announcement, the Board comprises:

Executive Directors:

Mr. Shen Xiao Chu, Mr. Zhou Jun and Mr. Xu Bo

Independent Non-Executive Directors:

Prof. Woo Chia-Wei, Mr. Leung Pak To, Francis and Mr. Yuen Tin Fan, Francis