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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 Hong Kong Shanghai Alliance Holdings Limited, you should at once hand this circular together with 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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沪港联合

HONG KONG SHANGHAI ALLIANCE HOLDINGS LIMITED

滬港聯合控股有限公司

(Incorporated in Bermuda with limited liability)

(Stock Code: 1001)

PROPOSALS FOR DECLARATION OF SPECIAL DIVIDEND, RE-ELECTION OF THE RETIRING DIRECTORS, GENERAL MANDATES TO ISSUE SHARES AND TO BUY BACK SHARES, ADOPTION OF THE 2021 SHARE OPTION SCHEME AND NOTICE OF ANNUAL GENERAL MEETING

A notice convening the Annual General Meeting of Hong Kong Shanghai Alliance Holdings Limited to be held at 1st Floor, East Town Building, 41 Lockhart Road, Wanchai, Hong Kong on Wednesday, 11th August 2021 at 10:30 a.m. is set out on pages 24 to 28 of this circular. Whether or not you are able to attend the Annual General Meeting or any adjourned meeting, you are requested to complete the enclosed form of proxy in accordance with the instructions printed thereon and return the same to the Company's branch share registrar and transfer office in Hong Kong, Computershare Hong Kong Investor Services Limited, at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong as soon as possible and in any event not less than 48 hours (i.e. not later than 10:30 a.m. on 9th August 2021) before the time appointed for holding of the Annual General Meeting or any adjourned meeting thereof. Completion and return of the form of proxy will not preclude you from attending and voting in person at the Annual General Meeting or any adjourned meeting if you so wish.

PRECAUTIONARY MEASURES FOR THE ANNUAL GENERAL MEETING

Please see page 1 of this circular for measures being taken to prevent and control the spread of the Novel Coronavirus (COVID-19) pandemic at the Annual General Meeting, including:

- (i) Compulsory body temperature checks for all attendees;
- (ii) Compulsory wearing of surgical face masks throughout the Annual General Meeting for all attendees;
- (iii) Prohibition from attendance at the Annual General Meeting if the attendee has a fever. Persons exhibiting flu-like symptoms may also be refused admittance to the venue of the Annual General Meeting; and
- (iv) No distribution of corporate gift and no refreshments and drinks will be served at the Annual General Meeting.

Attendees who do not comply with the precautionary measures above or is subject to any Hong Kong Government prescribed quarantine may be denied entry into the Annual General Meeting venue, at the absolute discretion of the Company as permitted by law.

Shareholders are encouraged to exercise their rights to vote at the Annual General Meeting by appointing the chairman of the Annual General Meeting as their proxy and to return their form of proxy by the time specified above, instead of attending the Annual General Meeting in person.

12th July 2021

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PRECAUTIONARY MEASURES FOR THE ANNUAL GENERAL MEETING

In view of the ongoing Novel Coronavirus (“COVID-19”) pandemic and the latest requirements, if any, for prevention and control of its spread, the Company will implement the following precautionary measures at the Annual General Meeting to protect attending Shareholders, staff and other stakeholders from the risk of infection:

- (i) Compulsory body temperature checks will be conducted on every Shareholder, proxy and other attendees at the entrance of the Annual General Meeting venue. Any person with a body temperature of over 37.4 degrees Celsius may be denied entry into the Annual General Meeting venue or be required to leave the Annual General Meeting venue.
- (ii) Shareholders, proxies and other attendees that (a) have travelled overseas within twenty-one (21) days immediately prior to the date of the Annual General Meeting and/or the Mainland China or Macau within fourteen (14) days immediately prior to the date of the Annual General Meeting; (b) are subject to mandatory COVID-19 testing requirement imposed by the Hong Kong Government and are still pending for such testing results; (c) are, and have been, in close contact with any person who is, subject to any Hong Kong Government prescribed compulsory quarantine (including home quarantine); (d) are, and have been, in close contact with anyone who has contracted COVID-19, has been tested preliminarily positive of COVID-19 or is suspected of contracting COVID-19; or (e) have any flu-like symptoms, may be denied entry into the Annual General Meeting venue or be required to leave the Annual General Meeting venue.
- (iii) All Shareholders, proxies and other attendees are required to wear surgical face masks throughout the Annual General Meeting and inside the venue and to maintain a safe distance between seats. Please note that no surgical face mask will be provided at the Annual General Meeting venue and all attendees should wear their own surgical face masks.
- (iv) No corporate gift will be distributed and no refreshments and drinks will be served.
- (v) As a precautionary safety measure, seating at the Annual General Meeting will be arranged so as to reduce the interaction between participants. As a result, there will be limited capacity for the Shareholders to attend the Annual General Meeting venue.

To the extent permitted under the laws of Hong Kong, the Company reserves the right to deny entry into the Annual General Meeting venue or require any person to leave the Annual General Meeting venue in order to ensure the safety of the attendees at the Annual General Meeting.

In the interest of stakeholders’ health and safety and consistent with recent COVID-19 guidelines for prevention and control, the Company reminds all Shareholders that physical attendance in person at the Annual General Meeting is not necessary for the purpose of exercising voting rights. Shareholders may appoint the chairman of the Annual General Meeting as their proxy to vote on the relevant resolutions at the Annual General Meeting instead of attending the Annual General Meeting in person, by completing and submitting form of proxy with voting instructions inserted.

The form of proxy for the Annual General Meeting is enclosed with this circular. Alternatively, the form of proxy can be downloaded from the Company’s website at www.hkshalliance.com and the website of the Stock Exchange at www.hkexnews.hk. If you are not a registered shareholder (if your Shares are held via banks, brokers, custodians or the Hong Kong Securities Clearing Company Limited), you should consult directly with your banks or brokers or custodians (as the case may be) to assist you in the appointment of proxy.

DEFINITIONS

In this circular (other than in the Notice), the following expressions shall have the following meanings unless the context otherwise requires:

“2011 Share Option Scheme”	the existing share option scheme of the Company adopted and approved by the Shareholders at the annual general meeting of the Company held on 11th August 2011
“2021 Share Option Scheme”	the new share option scheme proposed to be adopted at the Annual General Meeting, its principal terms are summarised in Appendix III to this circular
“Annual General Meeting”	the annual general meeting of the Company to be held at 1st Floor, East Town Building, 41 Lockhart Road, Wanchai, Hong Kong on Wednesday, 11th August 2021 at 10:30 a.m. or any adjournment thereof, Notice of which is set out on pages 24 to 28 of this circular
“associate(s)”	has the meaning ascribed to it under the Listing Rules
“Blackout Period”	<p>any day, in which the Directors and/or other specified relevant employees of the Group who are considered to be likely in possession of inside information of the Company are prohibited from dealing in any Shares, on which the financial results of the Company are published and:</p> <ul style="list-style-type: none">(i) during the period of sixty (60) days immediately preceding the publication date of the annual results or, if shorter, the period from the end of the relevant financial year up to the publication date of the results; and(ii) during the period of thirty (30) days immediately preceding the publication date of the quarterly results (if any) and half-year results or, if shorter, the period from the end of the relevant quarterly or half-year period up to the publication date of the results
“Board”	the board of Directors
“Business Day(s)”	a day (other than a Saturday and Sunday) on which the licensed banks in Hong Kong are open for business and the Stock Exchange is open for the business of dealing in securities
“Bye-laws”	the bye-laws of the Company, as amended from time to time
“close associate(s)”	has the meaning ascribed to it under the Listing Rules
“Codes”	The Codes on Takeovers and Mergers and Share Buy-backs
“Company”	Hong Kong Shanghai Alliance Holdings Limited, a company incorporated in Bermuda with limited liability, whose Shares are listed on the Main Board of the Stock Exchange

DEFINITIONS

“connected person(s)”	has the meaning ascribed to it under the Listing Rules
“core connected person(s)”	has the meaning ascribed to it under the Listing Rules
“Date of Grant”	in respect of an Option granted under the 2021 Share Option Scheme, the Business Day on which the Board resolved to make an Offer to (subject to acceptance by) a Participant, whether or not the Offer is subject to Shareholders’ approval on the terms of the 2021 Share Option Scheme
“Director(s)”	the director(s) of the Company from time to time
“Grantee”	any Participant who accepts the Offer in accordance with the terms of the 2021 Share Option Scheme or a person who, in accordance with laws of succession applicable in respect of the death of a Grantee (being an individual), is or are entitled to exercise the Option granted to such Grantee
“Group”	the Company and its subsidiaries from time to time
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Huge Top”	Huge Top Industrial Ltd., a company incorporated in the British Virgin Islands with limited liability, and a substantial Shareholder
“Latest Practicable Date”	Tuesday, 6th July 2021, being the latest practicable date prior to the printing of this circular for ascertaining certain information in this circular
“Listing Committee”	has the meaning ascribed to it under the Listing Rules
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Notice”	Notice of the Annual General Meeting
“Offer”	an offer of the grant of an Option made in accordance with the 2021 Share Option Scheme
“Option”	a right to subscribe for Shares granted pursuant to the 2021 Share Option Scheme

DEFINITIONS

“Participant”	any employee (whether full time or part time), executive or officers of the Company or any of its subsidiaries (including executive or non-executive Director) and any business consultant, financial or legal adviser of the Company or any of its subsidiary or any other person, who satisfies the criteria prescribed by the terms of the 2021 Share Option Scheme, as summarised in paragraph (b) of Appendix III to this circular
“Perfect Capital”	Perfect Capital International Corp., a company incorporated in the British Virgin Islands with limited liability, and a substantial Shareholder
“SFO”	Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“Share(s)”	fully paid ordinary share(s) of HK\$0.10 each in the share capital of the Company
“Shareholder(s)”	registered holder(s) of Share(s)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited

LETTER FROM THE BOARD



沪港联合

HONG KONG SHANGHAI ALLIANCE HOLDINGS LIMITED

滬港聯合控股有限公司

(Incorporated in Bermuda with limited liability)

(Stock Code: 1001)

Executive Directors:

Yao Cho Fai Andrew

(Chairman and Chief Executive Officer)

Lau Chi Chiu

Independent Non-executive Directors:

Tam King Ching Kenny

Xu Lin Bao

Yeung Wing Sun Mike

Li Yinquan

Registered office:

Clarendon House

2 Church Street

Hamilton HM11

Bermuda

Principal place of business in Hong Kong:

Rooms 1103-05, 11th Floor

East Town Building

41 Lockhart Road

Wanchai, Hong Kong

12th July 2021

To the Shareholders (and, for information only, to holders of outstanding options)

Dear Sir or Madam,

**PROPOSALS FOR DECLARATION OF SPECIAL DIVIDEND,
RE-ELECTION OF THE RETIRING DIRECTORS,
GENERAL MANDATES TO ISSUE SHARES
AND TO BUY BACK SHARES,
ADOPTION OF THE 2021 SHARE OPTION SCHEME
AND
NOTICE OF ANNUAL GENERAL MEETING**

INTRODUCTION

The purpose of this circular is to provide you with information regarding resolutions to be proposed at the Annual General Meeting relating to, among other things, (i) the declaration of special dividend; (ii) re-elect the retiring Directors; (iii) provide a fresh general mandate to the Directors to issue Shares; (iv) continue to enable the Company to buy back its own Shares on the Stock Exchange in accordance with the terms and conditions set out in this circular; and (v) adopt the 2021 Share Option Scheme.

LETTER FROM THE BOARD

SPECIAL DIVIDEND

As stated in the announcement of the Company dated 25th June 2021 relating to the annual results of the Group for the year ended 31st March 2021, the Board has resolved to recommend the payment of a special dividend of HK1.00 cent per Shares for the year ended 31st March 2021 (the “Proposed Special Dividend”). An ordinary resolution will be proposed at the Annual General Meeting for Shareholders’ consideration and approval. Subject to approval of Shareholders at the Annual General Meeting, the Proposed Special Dividend will be paid on Friday, 27th August 2021 to Shareholders whose names appear on the register of members of the Company at the close of business on Thursday, 19th August 2021.

RE-ELECTION OF THE RETIRING DIRECTORS

As at the Latest Practicable Date, the Board comprises six (6) Directors.

Pursuant to Bye-law 84(1) of the Bye-laws, at each annual general meeting one-third of the Directors for the time being (or, if their number is not a multiple of three (3), the number nearest to but not less than one-third) shall retire from office by rotation provided that every Director shall be subject to retirement at least one every three years. Accordingly, Mr. Lau Chi Chiu and Mr. Li Yinquan will retire from office by rotation at the Annual General Meeting and, being eligible, offer themselves for re-election.

Bye-law 85 of the Bye-laws provides that no person other than a Director retiring at the meeting shall, unless recommended by the Directors for election, be eligible for election as a Director at any general meeting unless a notice signed by a member of the Company (other than the person to be proposed) duly qualified to attend and vote at the meeting for which such notice is given of his intention to propose such person for election and also a notice signed by the person to be proposed of his willingness to be elected shall have been lodged at the head office or at the registration office provided that the minimum length of the period, during which such notice(s) are given, shall be at least seven (7) days and that (if the notice(s) are submitted after the despatch of the notice of the general meeting appointed for such election) the period for lodgment of such notice(s) shall commence on the day after the despatch of the notice of the general meeting appointed for such election and end no later than seven (7) days prior to the date of such general meeting.

The re-election of the Directors was made in accordance with the nomination policy of the Company and the objective criteria (including without limitation, character, integrity, accomplishment, qualifications and experiences), with due regard for the benefits of diversity, as set out under the board diversity policy of the Company. The nomination committee of the Company (the “Nomination Committee”) has reviewed the re-election of the Directors through: (a) evaluating the performance and contribution of the retiring Directors during the last financial year of the Company and the period thereafter up to the date of evaluation; and (b) assessing the extensive knowledge and experience held by the retiring Directors as set out in Appendix I to this circular.

After due evaluation and assessment, the Nomination Committee is of the opinion that the performance of the retiring Directors was satisfactory and contributed effectively to the operation of the Board. Accordingly, the Nomination Committee recommended to the Board, and the Board has considered that the re-election of Mr. Lau Chi Chiu as executive Director and Mr. Li Yinquan as independent non-executive Director is in the best interests of the Company and the Shareholders as a whole and has resolved to propose to re-elect each of the retiring Directors at the Annual General Meeting.

LETTER FROM THE BOARD

Biographical details of the retiring Directors who offered themselves for re-election at the Annual General Meeting are set out in Appendix I to this circular. If a valid notice from a Shareholder to propose a person to stand for election as a Director at the Annual General Meeting is received after the printing of this circular, the Company will issue a supplementary circular to inform the Shareholders of the details of the additional candidate proposed.

GENERAL MANDATE TO ISSUE SHARES

Ordinary resolutions (resolutions nos. 5 and 7 as set out in the Notice) are to be proposed at the Annual General Meeting which, if passed, will give the Directors a fresh general mandate to issue new Shares not exceeding 20% of the Company's issued share capital as at the date of passing such resolutions, and to issue any Shares in place of those bought back by the Company pursuant to the Buy-back Mandate (as defined below).

Accordingly, on the basis of 641,232,315 Shares in issue as at the Latest Practicable Date, and assuming that no Shares will be issued or bought back prior to the Annual General Meeting, exercise in full of the 20% general mandate will result in up to 128,246,463 Shares being issued by the Company during the Relevant Period (as defined in resolution no. 5 as set out in the Notice).

The general purpose of such mandate is to enable the Directors to issue Shares up to a specified amount without first having to obtain the consent of Shareholders in general meeting. The mandate will expire at the earliest of: (i) the conclusion of the next annual general meeting of the Company; (ii) the expiration of the period within which the next annual general meeting of the Company is required by the laws of Bermuda or the Bye-laws to be held; and (iii) the date on which the authority given under the ordinary resolution is revoked or varied by way of ordinary resolution of the Company in general meeting.

GENERAL MANDATE TO BUY BACK SHARES

The existing general mandate to buy back Shares was granted to the Directors at the previous annual general meeting of the Company held on 14th August 2020. At the Annual General Meeting, an ordinary resolution (resolution no. 6 as set out in the Notice) is to be proposed which, if passed, will give the Directors a fresh general mandate (the "Buy-back Mandate") to exercise the Company's power to buy back its Shares on the Stock Exchange, to which the Buy-back Mandate will be acted upon by the Directors when they consider it to be in the best interests of the Company to do so.

If this ordinary resolution is passed, the Company will be entitled to buy back on the Stock Exchange, pursuant to the Buy-back Mandate, Shares representing up to an aggregate of 10% of the issued share capital of the Company as at the date of passing such resolution in accordance with the Listing Rules, in the period whilst the Buy-back Mandate is in effect (normally, until the next annual general meeting of the Company). Under the Listing Rules, the Company and the Directors must also comply with the Codes.

The explanatory statement set out in Appendix II to this circular contains further details relating to the proposed Buy-back Mandate including, in particular, the reasons for the proposals and other details required to be set out by the Listing Rules.

LETTER FROM THE BOARD

ADOPTION OF THE 2021 SHARE OPTION SCHEME

The 2011 Share Option Scheme was adopted by the Company on 11th August 2011 and is valid for a period of ten (10) years from the date of its adoption. Therefore, the 2011 Share Option Scheme will expire on 10th August 2021. In view of (a) the expiration of the 2011 Share Option Scheme on 10th August 2021; and (b) no further options can be granted pursuant to the 2011 Share Option Scheme after its expiration, the Board considers that it is in the interest of the Company to propose the adoption of the 2021 Share Option Scheme at the Annual General Meeting. The terms of the 2011 Share Option Scheme shall remain in full force and effect to the extent necessary to give effect to the exercise of options, if any, granted prior to its expiration or otherwise as may be required in accordance with the terms of the 2011 Share Option Scheme. As at the Latest Practicable Date, (i) apart from the 2011 Share Option Scheme, the Company had no other subsisting share option scheme; and (ii) the Company had 5,690,271 outstanding options granted (which have vested) under the 2011 Share Option Scheme. For further details of the 5,690,271 outstanding options, please refer to the Company's 2020/21 annual report.

The Board proposes the adoption of the 2021 Share Option Scheme, and a summary of the principal terms of the 2021 Share Option Scheme is set out in Appendix III to this circular.

The purpose of the 2021 Share Option Scheme is to provide incentives to Participants to contribute to the Group and/or to enable the Group to recruit and/or to retain high-calibre employees and attract human resources that are valuable to the Group. To ensure that this purpose is achieved, the terms of the 2021 Share Option Scheme provide that the Board will grant Options only to Participants who have made valuable contribution to the growth of the Group based on their performance and/or years of service, or are regarded as valuable human resources of the Group based on their work experience, knowledge in the industry and other relevant factors, or are expected to be able to contribute to the business development of the Group based on their/its business connection or network or other relevant factors. Meanwhile, for the better development of the Group, it is important that the Group is able to maintain a good relationship with its business consultants and professional advisers, who each play a role in the continuous development of the business of the Group, as they provide fundamental services to the Group's businesses, including but not limited to property valuation and consultancy services, deal structuring and pricing consultancy services, as well as legal services. Having a share option scheme in place is one of the means to attract and retain those persons who contribute to the continuous development of the Group, so that they have an incentive to render improved services and/or support to the Group on a long-term basis. The Board also believes it is in the interest of the Group by giving incentive to a broader category of Participants (other than the directors and employees of the Group) such as its business consultants and professional advisers to participate in the growth of, and contribute to the Group in the form of Options, as the Participants will share common interests and objectives with the Group upon their exercise of the Options. The eligibility of those external parties (other than directors and employees of the Group) will be determined by the Board considering the potential and/or actual contribution of these individual parties to the operation and business of the Group, which will include the quantity and frequency of the provision of services, the ongoing business relationship with the Group, any potential business development opportunities to the Group and other relevant factors.

In addition, the adoption of the 2021 Share Option Scheme is in line with modern commercial practice that full-time or part-time employees, executive or officers, consultants and financial or legal advisers be given incentives to work towards enhancing the value and attaining the long-term objectives of the Company and for the benefit of the Group as a whole. As such, the Directors consider that the adoption of the 2021 Share Option Scheme is in the interests of the Company and its Shareholders as a whole.

LETTER FROM THE BOARD

The maximum number of Shares which may fall to be issued upon exercise of all Options to be granted under the 2021 Share Option Scheme must not exceed 10% of the total number of Shares in issue as at the date of adoption of the 2021 Share Option Scheme, and the maximum aggregate number of Shares which may be issued upon exercise of all outstanding options granted and yet to be exercised under the 2021 Share Option Scheme and any other schemes of the Company must not exceed 30% of the Shares in issue from time to time. On the basis of 641,232,315 Shares in issue as at the Latest Practicable Date, and assuming no further Shares will be issued or bought back by the Company on or before the date of adoption of the 2021 Share Option Scheme, the maximum number of Shares which may be issued pursuant to the 2021 Share Option Scheme will be 64,123,231 Shares, being 10% of the issued share capital of the Company as at the date of the Annual General Meeting. In addition, the 5,690,271 outstanding options granted under the 2011 Share Option Scheme accounted for 0.89% of the total number of Shares in issue as at the Latest Practicable Date. Therefore, the Options which may be granted under the 2021 Share Option Scheme together with the 5,690,271 outstanding options granted under the 2011 Share Option Scheme accounted for 10.89% of the total number of Shares in issue at most, and do not exceed 30% of the total number of Shares in issue as at the Latest Practicable Date.

Although the terms of the 2021 Share Option Scheme provide that the exercise of an Option is not subject to any performance target which must be achieved before the Options can be exercised or any minimum period for which an Option must be held before it can be exercised, the Board believes that the requirement for a minimum subscription price (which is summarised in paragraph (d) in Appendix III to this circular) as well as the selection criteria prescribed by the terms (which are summarised in paragraph (b) in Appendix III to this circular) of the 2021 Share Option Scheme will serve to protect the value of the Shares as well as to achieve the purpose of the 2021 Share Option Scheme. No trustees will be appointed under the 2021 Share Option Scheme. Accordingly, none of the Directors will be the trustees of the 2021 Share Option Scheme or have a direct or indirect interest in any such trustees.

The Directors consider that it is not appropriate to state the value of all Options that can be granted pursuant to the 2021 Share Option Scheme as if they had been granted as at the Latest Practicable Date. The Directors believe that any statement regarding the value of the Options as at the Latest Practicable Date will not be meaningful to the Shareholders, taking into account the diversified nature of the businesses of the Group (i.e. engaging in distribution and processing of construction materials such as steel products; trading of sanitary wares and kitchen cabinets; and property investment and project management businesses) and the fact that comparable data required for calculation of the value of the options and the weighing of each of such data may not be representative of the diversified nature of the businesses of the Group.

The adoption of the 2021 Share Option Scheme is conditional upon:

- (i) the passing of an ordinary resolution by the Shareholders in the Annual General Meeting approving the adoption of the 2021 Share Option Scheme, and authorising the Board to grant Options thereunder and to allot, issue and deal with the Shares which fall to be issued by the Company pursuant to the exercise of any Option; and
- (ii) the Listing Committee of the Stock Exchange granting, with or without condition, the approval of the listing of, and permission to deal in, any Shares which may fall to be allotted and issued by the Company upon the exercise of any options that may be granted under the 2021 Share Option Scheme.

LETTER FROM THE BOARD

Application will be made to the Listing Committee of the Stock Exchange for approval of the 2021 Share Option Scheme and the subsequent granting of Options thereunder and for listing of and permission to deal in the Shares which may fall to be allotted and issued pursuant to the exercise of the subscription rights under the Options that may be granted under the 2021 Share Option Scheme.

The Company will comply with the relevant Listing Rules (as amended from time to time) in respect of the 2021 Share Option Scheme and any other share option scheme(s) of the Company or any of its subsidiaries.

A copy of the 2021 Share Option Scheme will be available for inspection during normal business hours (other than on Saturday, Sunday and public holidays) at the principal place of business of the Company at Rooms 1103-05, East Town Building, 41 Lockhart Road, Wanchai, Hong Kong from the date of this circular up to and including the date of the Annual General Meeting.

ANNUAL GENERAL MEETING

Notice is set out on pages 24 to 28 of this circular. A form of proxy for use at the Annual General Meeting is also enclosed. Whether or not you are able to attend the Annual General Meeting or any adjourned meeting, you are requested to complete the form of proxy in accordance with the instructions printed thereon and return the same to the Company's branch share registrar and transfer office in Hong Kong, Computershare Hong Kong Investor Services Limited, at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong as soon as possible and in any event not less than 48 hours (i.e. not later than 10:30 a.m. on 9th August 2021) before the time appointed for the holding of the Annual General Meeting or any adjourned meeting thereof. Completion and return of the form of proxy will not preclude you from attending and voting in person at the Annual General Meeting or any adjourned meeting if you so wish.

VOTING BY POLL

Pursuant to Rule 13.39(4) of the Listing Rules, any vote of Shareholders at a general meeting must be taken by poll except where the chairman, in good faith, decides to allow a resolution which relates to purely a procedural or administrative matter to be voted by a show of hands. Therefore, all the resolutions put to the vote in the Annual General Meeting will be taken by poll. The chairman of the Annual General Meeting will explain the detailed procedures for conducting a poll at the commencement of the Annual General Meeting.

After the conclusion of the Annual General Meeting, the poll results announcement will be published on the respective websites of the Stock Exchange (www.hkexnews.hk) and the Company (www.hkshalliance.com) in the manner prescribed under Rule 13.39(5) of the Listing Rules. As at the Latest Practicable Date, to the best of knowledge and belief of the Directors, none of the Shareholders are required to abstain from voting for any resolution (including the adoption of the 2021 Share Option Scheme) at the Annual General Meeting.

CLOSURE OF REGISTER OF MEMBERS

The Register of Members of the Company will be closed during the following periods and during these periods, no transfer of Shares will be registered:

- (i) For ascertaining the Shareholders' entitlement to attend and vote at the Annual General Meeting:

LETTER FROM THE BOARD

The register of members of the Company will be closed from Friday, 6th August 2021 to Wednesday, 11th August 2021, both days inclusive, for the purpose of ascertaining the Shareholders' entitlement to attend and vote at the Annual General Meeting. In order to be eligible to attend and vote at the Annual General Meeting, all properly completed transfer forms accompanied by the relevant share certificates must be lodged with the branch share registrar and transfer office of the Company in Hong Kong, Computershare Hong Kong Investor Services Limited (the "Branch Share Registrar") of Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong for registration no later than 4:30 p.m. on Thursday, 5th August 2021.

- (ii) For ascertaining the Shareholders' entitlement to the special dividend:

On the assumption that the resolution for declaring the special dividend is duly passed at the Annual General Meeting, the register of members of the Company will be closed from Tuesday, 17th August 2021 to Thursday, 19th August 2021, both days inclusive, for the purpose of ascertaining the Shareholders' entitlement to the special dividend. In order to qualify for the special dividend, all properly completed transfer forms accompanied by the relevant share certificates must be lodged with the Branch Share Registrar for registration no later than 4:30 p.m. on Monday, 16th August 2021.

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 Company. 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.

RECOMMENDATION

The Directors consider that the proposals mentioned above, including the proposals for declaration of special dividend, re-election of the retiring Directors, the grant of general mandates to issue Shares and to buy back Shares and the adoption of the 2021 Share Option Scheme are in the best interests of the Company and the Shareholders as a whole. Accordingly, the Directors recommend the Shareholders to vote in favour of such resolutions to be proposed at the Annual General Meeting.

Yours faithfully,
On behalf of the Board
Hong Kong Shanghai Alliance Holdings Limited
Yao Cho Fai Andrew
Chairman

The biographical details of the retiring Directors to be re-elected at the Annual General Meeting are set out below:

Mr. Lau Chi Chiu, Executive Director

Mr. Lau, aged 54, was appointed as an executive Director in November 2015 and is a director of certain subsidiaries of the Company. He joined the Group in June 1991. Mr. Lau is responsible for the daily operations of the business of the Group and has held various sales and marketing and supply chain positions in the plastics and steel businesses of the Group. He was the general manager of Group's plastic business from April 2003 to November 2011 and the general manager of the Group's steel business from December 2011 to May 2013. Mr. Lau graduated from Curtin University of Technology in Australia with a bachelor's degree in commerce (marketing and management).

Pursuant to the letter of appointment with Mr. Lau, the term of his appointment is for a term of three years commencing on 25th November 2018 subject to retirement and re-election at the Annual General Meeting in accordance with the Bye-laws. Mr. Lau is not entitled to receive any fee for acting as an executive Director but he is entitled to receive salary of HK\$1,413,240 in respect of his duties as director of certain subsidiaries of the Company for the year ended 31st March 2021. His emolument will be reviewed annually by the remuneration committee of the Company having regard to the Company's remuneration policy and taking into consideration prevailing market conditions, he may also be entitled to receive discretionary bonuses or other benefits as may be decided by the remuneration committee of the Company and/or the Board having regard to the Company's corporate goals and objectives and his performance.

As at the Latest Practicable Date, Mr. Lau has personal interest (within the meaning of Part XV of the SFO) of 2,246,622 options granted under the 2011 Share Option Scheme.

Save as disclosed above, (i) Mr. Lau does not hold any other position with the Company or any of its subsidiaries nor did he hold any directorship in any other listed public company in Hong Kong or overseas during the last three years; (ii) Mr. Lau does not have any relationship with any Directors, senior management of the Company, substantial or controlling Shareholders (within the meaning of the Listing Rules); (iii) there is no information relating to Mr. Lau that is required to be disclosed pursuant to Rules 13.51(2)(h) to (v) of the Listing Rules; and (iv) there are no other matters concerning Mr. Lau that need to be brought to the attention of the Shareholders.

Mr. Li Yinquan, Independent Non-executive Director

Mr. Li, aged 66, was appointed as an independent non-executive Director in July 2018. He is also a member of the audit committee and the remuneration committee of the Company. Mr. Li serves as an independent non-executive director of other listed companies on the main board of the Stock Exchange namely, China Everbright Bank Company Limited (which is also listed on the Shanghai Stock Exchange), Genertec Universal Medical Group Company Limited, Kimou Environmental Holding Limited and Million Cities Holdings Limited. He served respectively as the general manager of financial department, chief financial officer, vice president of China Merchants Group and chief executive officer of China Merchants Capital Investment Co., Ltd from 2000 to 2017. He also served as an executive director of other listed companies on the main board of the Stock Exchange namely, China Merchants Port Holdings Company Limited and China Merchants China Direct Investments Limited and as a non-executive director of China Merchants Bank Co., Ltd. (which is also listed on the Shanghai Stock Exchange) as well as an independent non-executive director of Lizhi Inc. which is a company listed on NASDAQ. Mr. Li also serves as the Hong Kong Deputy to the 13th National People's Congress of the People's Republic of China. Mr. Li graduated from Shaanxi Institute of Finance and Economics with a bachelor's degree in economics. He was also awarded a master's degree in economics from the PBC School of Finance, Tsinghua University (formerly known as Graduate School of the People's Bank of China) and a master's degree in banking and finance for development from Finafrica Institute in Milan, Italy.

Pursuant to the letter of appointment with Mr. Li, the term of his appointment is for a term of three years commencing on 5th July 2021 (unless and until terminated by either party by giving to the other one month's notice in writing) subject to retirement and re-election at the Annual General Meeting in accordance with the Bye-laws. Mr. Li is entitled to a director's fee of HK\$180,000 per annum or such other sum as the remuneration committee of the Company and/or the Board may from time to time determine based on his level of responsibilities and by reference to market benchmark.

As at the Latest Practicable Date, Mr. Li did not have any interest or short position in the shares, underlying shares or debentures of the Company or any of its associated corporations within the meaning of Part XV of the SFO.

Save as disclosed above, (i) Mr. Li does not hold any other position with the Company or any of its subsidiaries nor did he hold any directorship in any other listed public company in Hong Kong or overseas during the last three years; (ii) Mr. Li does not have any relationship with any Directors, senior management of the Company, substantial or controlling Shareholders (within the meaning of the Listing Rules); (iii) there is no information relating to Mr. Li that is required to be disclosed pursuant to Rules 13.51(2)(h) to (v) of the Listing Rules; and (iv) there are no other matters concerning Mr. Li that need to be brought to the attention of the Shareholders.

This explanatory statement has been prepared in accordance with and as required by the provisions of the Listing Rules in relation to the resolution no. 6 contained in the Notice, as set out on pages 24 to 28 of this circular for the buy-back by the Company of its own Shares on the Stock Exchange. This explanatory statement includes information for the Shareholders to enable them to decide whether or not to approve the Buy-back Mandate. The buy-back by the Company of its own Shares pursuant to the Buy-back Mandate may be made subject to certain restrictions.

EXERCISE OF THE BUY-BACK MANDATE

The resolution no. 6 contained in the Notice will, if passed, give a general unconditional Buy-back Mandate to the Directors authorising the buy-back by the Company of up to 10% of the fully paid Shares in issue as at the date of passing such resolution at any time during the Relevant Period (as defined in the resolution no. 6 of the Notice).

As at the Latest Practicable Date, there were 641,232,315 Shares in issue and 5,690,271 outstanding options granted under the 2011 Share Option Scheme (entitling holders of the said options to subscribe for an aggregate of 5,690,271 Shares).

Accordingly, assuming that no Shares will be issued or bought back prior to the Annual General Meeting, exercise in full of the Buy-back Mandate will result in up to 64,123,231 Shares being bought back by the Company during the Relevant Period (as defined in the resolution no. 6 of the Notice). Further, assuming that (i) all outstanding options are exercised in full; and (ii) no Shares will be issued or bought back prior to the Annual General Meeting, exercise in full of the Buy-back Mandate will result in a maximum of 64,692,258 Shares being bought back by the Company during the Relevant Period (as defined in the resolution no. 6 of the Notice).

REASONS FOR BUY-BACK OF SHARES

The Directors believe that it is in the best interests of the Company and Shareholders to have a general authority from Shareholders to enable the Directors to buy-back Shares. Such buy-back may, depending on market conditions and funding arrangements at the time, lead to an enhancement in the net asset value per Share and/or earnings per Share and will only be made when the Directors believe that such buy-back will benefit the Company and Shareholders. The number of Shares to be repurchased on any occasion and the price and other terms upon which they are bought back will be decided by the Directors at the relevant time, having regard to the circumstances then prevailing.

FUNDING OF BUY-BACK

In respect of the buy-back of Shares, the Company may only apply funds legally available for such purpose in accordance with laws of Bermuda and Bye-laws. Such funds may include capital paid up on the Shares bought back or funds otherwise available for dividend or distribution and the proceeds of a fresh issue of Shares made for the purpose of the buy-backs. Any premium payable on a buy-back over the par value of Shares to be bought back must be provided for out of funds of the Company otherwise available for dividend or distribution or out of the Company's share premium account.

If the Buy-back Mandate was exercised in full at any time during the proposed buy-back period, there could be a material adverse effect on the working capital position of the Group or the gearing levels (as compared with the position disclosed in the latest published audited consolidated financial statements as at 31st March 2021). The Directors therefore do not propose to exercise the Buy-back Mandate to such an extent unless the Directors determine that such buy-backs are, taking into account all relevant factors, in the best interests of the Company.

SHARE PRICES

The highest and lowest prices at which the Shares have been traded on the Stock Exchange during each of the previous twelve months preceding the Latest Practicable Date and up to the Latest Practicable Date were as follows:

	Price Per Share	
	Highest	Lowest
	<i>HK\$</i>	<i>HK\$</i>
2020		
July	0.315	0.246
August	0.260	0.230
September	0.275	0.250
October	0.275	0.240
November	0.265	0.235
December	0.335	0.241
2021		
January	0.270	0.228
February	0.270	0.230
March	0.255	0.236
April	0.250	0.231
May	0.270	0.240
June	0.285	0.232
July (up to the Latest Practicable Date)	0.255	0.255

UNDERTAKING

The Directors have undertaken to the Stock Exchange, so far as the same may be applicable, they will exercise the power of the Company to make buy-backs pursuant to the Buy-back Mandate in accordance with the Listing Rules and the laws of Bermuda.

None of the Directors nor, to the best of their knowledge having made all reasonable enquiries, any of their respective close associates currently intends to sell any Shares to the Company under the Buy-back Mandate if such Buy-back Mandate is approved by the Shareholders.

No core connected persons of the Company have notified the Company that they have a present intention to sell Shares to the Company, or have undertaken not to do so, in the event that the Buy-back Mandate is approved by the Shareholders.

EFFECT OF THE CODES

If as a result of a share buy-back by the Company, a Shareholder’s proportionate interest in the voting rights of the Company increases, such increase will be treated as an acquisition for the purposes of Rule 32 of the Codes. Accordingly, a Shareholder or a group of Shareholders acting in concert, could, depending upon the level of increase in shareholding interest(s), become obliged to make a mandatory offer in accordance with Rules 26 and 32 of the Codes. In the event that any exercise of the Buy-back Mandate will, to the knowledge of the Directors, have such a consequence, the Directors will not exercise the mandate to such an extent.

As at the Latest Practicable Date, the substantial Shareholders which have a direct or an indirect interest in 10% or more of the nominal value of the issued share capital of the Company that carry a right to vote in all circumstances at general meetings of the Company are as follows:

Name	Capacity	Number of Shares interested	Approximate % of the total number of Shares in issue	Approximate % of the total number of Shares in issue should the Buy-back Mandate be exercised in full
Huge Top	Beneficial owner	190,424,000	29.70%	33.00%
Perfect Capital	Interest of controlled corporation (<i>Note 1</i>)	190,424,000	29.70%	33.00%
	Beneficial owner	89,337,806	13.93%	15.48%
Mr. Yao Cho Fai Andrew (“Mr. Yao”)	Interest of controlled corporation (<i>Note 2</i>)	279,761,806	43.63%	48.48%
	Beneficial owner	3,918,000	0.61%	0.68%

Notes:

1. Perfect Capital owned approximately 42.86% of the total number of issued shares of Huge Top and was entitled to exercise more than one-third of the voting power at general meetings of Huge Top and therefore was deemed to have an interest in 190,424,000 Shares held by Huge Top.
2. Mr. Yao owned 100% of the total number of issued shares of Perfect Capital and therefore was deemed to have an interest in 279,761,806 Shares held by Perfect Capital.

Such increase will give rise to an obligation to make a mandatory offer under Rule 26 of the Codes. The Directors have no present intention to exercise the proposed Buy-back Mandate to such an extent as would result in takeover obligations under the Codes.

BUY-BACK MADE BY THE COMPANY

No buy-back of Share has been made by the Company on the Stock Exchange or otherwise during the six months immediately preceding the Latest Practicable Date.

2021 SHARE OPTION SCHEME

The following is a summary of the principal terms of the 2021 Share Option Scheme proposed to be approved at the Annual General Meeting but does not form part of, nor is it intended to be, part of the 2021 Share Option Scheme nor should it be taken as affecting the interpretation of the rules of the 2021 Share Option Scheme. The Directors reserve the right at any time prior to the Annual General Meeting to make such amendments to the 2021 Share Option Scheme as they may consider necessary or appropriate provided that such amendments do not conflict in any material aspects with the summary in this Appendix.

(a) Purpose

The purpose of the 2021 Share Option Scheme is to provide incentives to Participants to contribute to the Group and/or to enable the Group to recruit and/or to retain high-calibre employees and attract human resources that are valuable to the Group.

(b) Who may join

The Board may, at any time and from time to time on a Business Day during the period of ten (10) years commencing on the adoption date of the 2021 Share Option Scheme (“Scheme Period”) (provided that no Options shall be granted after the expiration of the Scheme Period or after the 2021 Share Option Scheme has been terminated (if applicable)), to offer the grant to any Participant who, in the absolute discretion of the Board, has made valuable contribution to the growth of the Group based on his performance and/or years of service, or is regarded as valuable human resources of the Group based on his work experience, knowledge in the industry and other relevant factors, or is expected to be able to contribute to the business development of the Group based on his/its business connection or network or other relevant factors, and subject to such conditions as the Board may think fit, an Option to subscribe for such number of Shares as the Board may determine at a price calculated in accordance with paragraph (d).

The 2021 Share Option Scheme further provides that in the case where Offers are made to Participants who are not employees of the Company or its subsidiaries, such Offers shall not be made to such number of offerees or in such circumstances that the Company should be required under the Companies Ordinance (Chapter 622 of the Laws of Hong Kong) or the Companies Act 1981 of Bermuda to issue a prospectus in respect thereof.

(c) Consideration for acceptance of Offer

A non-refundable consideration of HK\$10.00 is payable by the Grantee to the Company no later than twenty-eight (28) days from the Date of Grant on acceptance of the Offer.

(d) Subscription price

The subscription price in respect of any Option shall, subject to any adjustments made pursuant to paragraph (k), be determined by the Board in its absolute discretion at the time of the grant of the relevant Option and must be at least the highest of:

- (i) the closing price of the Shares as stated in the Stock Exchange’s daily quotations sheet on the Date of Grant, which must be a Business Day;

- (ii) the average closing price of the Shares as stated in the Stock Exchange's daily quotations sheets for the five (5) Business Days immediately preceding the Date of grant ; and
- (iii) the nominal value of the Shares.

(e) Maximum number of Shares available for subscription

The limit on the number of Shares which may be issued upon exercise of all outstanding Options granted and yet to be exercised under the 2021 Share Option Scheme, together with all outstanding options granted and yet to be exercised under any other share option scheme(s) of the Company and/or its subsidiaries (including the 2011 Share Option Scheme), must not exceed 30% of the Shares in issue from time to time. No options may be granted under the 2021 Share Option Scheme or any other share option scheme(s) of the Company and/or its subsidiaries if this would result in the 30% limit being exceeded.

In addition, the total number of Shares which may be issued upon exercise of all options to be granted under the 2021 Share Option Scheme and any other share option scheme(s) of the Company and/or its subsidiaries must not in aggregate exceed 10% of the Shares in issue as at the date of adoption of the 2021 Share Option Scheme ("General Limit"). Options lapsed in accordance with the terms of the 2021 Share Option Scheme or any other share option scheme(s) of the Company and/or its subsidiaries shall not be counted for the purpose of calculating the General Limit.

The Company may refresh the General Limit from time to time by obtaining Shareholders' approval in general meeting and issuing a circular to the Shareholders in connection therewith pursuant to the Listing Rules, provided that the total number of Shares which may be issued upon exercise of all Options to be granted under the 2021 Share Option Scheme and any other share option scheme(s) of the Company and/or its subsidiaries under the limit as refreshed must not exceed 10% of the Shares in issue as at the date of the approval of the limit ("Extended Limit"). Options previously granted under the 2021 Share Option Scheme and/or any other share option scheme(s) of the Company and/or its subsidiaries (including those outstanding, cancelled or lapsed in accordance with the 2021 Share Option Scheme or such other scheme(s) or exercised options of the Company and/or its subsidiaries or those that are exercised) shall not be counted for the purpose of calculating the limit as refreshed. The Company may also offer to grant Options in excess of each of the General Limit or, if applicable, the Extended Limit to specified Participants by obtaining Shareholders' approval in general meeting provided that the number and terms of the Options offered to be granted and the identity of the Participants must be fixed and identified by the Company before such approval is sought and subject to issuing a circular to the Shareholders in connection therewith pursuant to the Listing Rules.

The total number of Shares issued and to be issued upon exercise of the Options under 2021 Share Option Scheme and the options granted under any other share option scheme(s) of the Company and/or its subsidiaries to each Grantee (including both exercised or outstanding options) in any 12-month period must not exceed 1% of the Shares in issue for the time being. Where any further grant of Options to a Grantee would result in the Shares issued and to be issued upon exercise of all Options granted and proposed to be granted to such person (including exercised, cancelled and outstanding options) under the 2021 Share Option Scheme and any other share option scheme(s) of the Company and/or its subsidiaries in the 12-month period up to and including the date of such further grant representing in aggregate over 1% of Shares in issue, such further grant must be separately approved by the Shareholders in general meeting with such Grantee and his close associates (or his associates if the Grantee is a connected person) abstaining from voting. The Company must issue of a circular to the Shareholders in connection therewith pursuant to the Listing Rules. The number and terms (including the subscription price) of Options to be granted to such Participant must be fixed before the Shareholders' approval and the date of the Board meeting for proposing such further grant of Options should be taken as the Date of Grant for the purpose of calculating the subscription price under paragraph (d) above.

(f) Time of exercise of Option

An Option may be exercised in accordance with the terms of the 2021 Share Option Scheme at any time during a period to be determined and notified by the Board to the Grantee at the time of making the Offer which must not be more than ten (10) years from the Date of Grant (“Option Period”) and the Board may provide restrictions on the exercise of an Option during the period an Option may be exercised.

Unless otherwise imposed by the Board and stated in the Offer, the exercise of an Option is not subject to any performance target which must be achieved before the Options can be exercised or any minimum period for which an Option must be held before it can be exercised.

(g) Rights are personal to Grantee

An Option shall be personal to the Grantee and shall not be transferable or assignable and except for the transmission of an Option on the death of a Grantee (being an individual) to his personal representative(s), no Grantee shall in any way sell, transfer, charge, mortgage, encumber or otherwise dispose of or create any interest in favour of any third party over or in relation to any Option or enter into any agreement to do so or purport to do any of the foregoing. Any breach of the foregoing shall entitle the Company to cancel any outstanding Option, or any part thereof, granted to such Grantee to the extent not exercised without incurring any liability on the part of the Company.

(h) Rights on death

In the case where the Grantee is a Director (including any executive Director or non-executive Director) or an employee of the Company or any subsidiary of the Company, if the Grantee ceases to be a Director or an employee of the Company or any subsidiary of the Company by reason of death before exercising the Option in full and none of the events which would be a ground for termination of his employment/appointment specified in the 2021 Share Option Scheme has occurred, his personal representative(s) shall be entitled until whichever is the earlier of the date of expiry of the Option Period or the last day of the period of six (6) months following the date of cessation of employment/appointment which date shall be the last day on which the Grantee was at work with the Company or the relevant subsidiary of the Company to exercise the Option (to the extent not already exercised) to the full extent or to the extent specified in the notice to exercise such Option.

(i) Rights on takeover

If a general or partial offer to acquire Shares (whether by takeover offer, merger, share repurchase offer, privatisation proposal by scheme of arrangement between the Company and its members or otherwise in like manner) is made to all Shareholders (or all such holders other than the offeror and/or any person controlled by the offeror and/or any person acting in association or concert with the offeror) and such offer having become or is declared unconditional, the Grantee (or his personal representative(s)) shall, notwithstanding any other terms on which his Option was granted, be entitled to exercise the Option (to the extent not already exercised) to the full extent or to the extent specified in the notice to exercise the Option, at any time until whichever is the earlier of the date of expiry of the Option Period or the last day of the period of fourteen (14) days after the date on which the offer becomes or is declared unconditional, after which the Option shall lapse.

(j) Rights on winding-up

In the event a notice is given by the Company to Shareholders to convene a general meeting for the purposes of considering, and if thought fit, approving a resolution for the voluntary winding up of the Company, the Company shall on the same date as or soon after it despatches such notice to each

Shareholder give notice thereof to all Grantees and thereupon, each Grantee (or his personal representative(s)) shall be entitled to exercise all or any of his Options (to the extent not already exercised), to the full extent or to the extent specified in the notice to exercise the Option, at any time not later than five (5) Business Days prior to the proposed general meeting of the Company by giving notice in writing to the Company, accompanied by a remittance for the full amount of the aggregate subscription price for the Shares in respect of which the notice is given whereupon the Company shall as soon as possible and, in any event, no later than the Business Day immediately prior to the date of the proposed general meeting referred to above, allot and issue the relevant Shares to the Grantee credited as fully paid whereupon he shall accordingly be entitled, in respect of the Shares allotted and issued to him in the aforesaid manner, to participate in the distribution of the assets of the Company available in liquidation *pari passu* with the holders of the Shares in issue on the day prior to the date of such resolution. Subject thereto, all Options then outstanding shall lapse and determine on the commencement of the winding-up.

(k) Effect on alterations to share capital

In the event of any alteration in the capital structure of the Company whilst any Option remains exercisable or the 2021 Share Option Scheme remains in effect, and such event arises from a capitalisation of profits or reserves, bonus issue, rights issue, open offer, consolidation or sub-division of the Shares, or reduction of the share capital of the Company, then, in any such case the Company shall instruct the auditors of the Company or an independent financial adviser to certify in writing the adjustment, if any, that ought in their opinion fairly and reasonably to be made either generally or as regards any particular Grantee, to: (i) the number and/or nominal amount of Shares to which the 2021 Share Option Scheme or any Option(s) relates (insofar as it is/they are unexercised); and/or (ii) the subscription price; and/or (iii) (unless the relevant Grantee elects to waive such adjustment) the number of Shares comprised in an Option or which remains comprised in an Option, and an adjustment as so certified by the auditors of the Company or such independent financial adviser shall be made, provided that: (i) any such adjustment shall give the Grantee the same proportion of the issued share capital of the Company for which such Grantee would have been entitled to subscribe had he exercised all the options held by him immediately prior to such adjustment; (ii) no such adjustment shall be made the effect of which would be to enable a Share to be issued at less than its nominal value; (iii) the issue of Shares or other securities of the Group as consideration in a transaction shall not be regarded as a circumstance requiring any such adjustment; and (iv) any such adjustment shall be in compliance with the Listing Rules and such applicable rules, codes, guidance notes and/or interpretation of the Listing Rules from time to time promulgated by the Stock Exchange. In respect of any adjustment required by the foregoing provisions, other than any adjustment made on a capitalisation issue, the auditors of the Company or such independent financial adviser must confirm to the Board in writing that the adjustments satisfy the requirements of the relevant provisions of the Listing Rules.

(l) Lapse of Option

An option shall lapse automatically and not be exercisable (to the extent not already exercised) on the earliest of: -

- (i) the expiry of the Option Period;
- (ii) the expiry of any of the other periods referred to in paragraphs (h), (i) or (j);
- (iii) in respect of a Grantee who is a Director (including executive or non-executive Director) or an employee of the Company or any subsidiary of the Company and he ceases to be a Director or an employee:
 - (1) by any reason other than his death, ill-health or retirement in accordance with his contract of employment/appointment or the termination of his employment/appointment on one or more of the grounds specified in paragraph (2) below, the Grantee shall be entitled to exercise the option, until the date of expiry of

an one-month period following the date of cessation or termination (“Extended Date”), or, if the Extended Date falls within the Blackout Period, the date of expiry of an one-month period following the last day of the Blackout Period. The date of cessation or termination as aforesaid shall be the last day on which the Grantee was actually at work with the Company or the relevant subsidiary of the Company whether salary is paid in lieu of notice or not;

- (2) by reason of the Grantee being dismissed by the Group on certain grounds specified in the 2021 Share Option Scheme including, but not limited to, serious misconduct, bankruptcy, insolvency, having made any arrangement or composition with his creditors or conviction of any criminal offence, the date on which the Grantee ceases to be a Director or an employee or the date on which the employer serves notice to dismiss the Grantee, whichever is the earlier; or
- (iv) the date on which the Board shall exercise the Company’s right to cancel the Option by reason of a breach by the Grantee of the rules summarised in paragraph (g) above.

Nonetheless, a Grantee shall not be regarded as ceasing to be a Director or an employee of the Company or any subsidiary of the Company and shall continue to be a Director or an employee if he ceases to hold a position of employment/appointment with the Company or any particular subsidiary of the Company but at the same time he takes up a different position of employment/appointment with the Company or another subsidiary of the Company, as the case may be.

(m) Ranking of Shares

The Shares to be allotted and issued upon the exercise of an Option will be subject to all the provisions of the Bye-laws for the time being in force and will rank *pari passu* in all respects with the existing fully paid Shares in issue on the date of allotment or, if that date falls on a day when the register of members of the Company is closed, the first day of the reopening of the register of members (“Exercise Date”) and accordingly will entitle the holders to participate in all dividends or other distributions paid or made on or after the Exercise Date, other than any dividend or other distribution previously declared or recommended or resolved to be paid or made with respect to a record date which shall be before the Exercise Date.

(n) Cancellation of Options

Where it is desired that any Options granted but not exercised should be cancelled, the Board may effect such cancellation in a manner that complies with any legal requirements for cancellation.

Where the Company cancels any Options granted but not exercised and wishes to grant new Options whether to the same Grantee or not, the grant of such new Options may only be made under the 2021 Share Option Scheme with available unissued options (excluding, for this purpose, the cancelled Options) within the General Limit, the Extended Limit or the limit approved by the Shareholders as referred to in paragraph (e) above.

(o) Alteration of the 2021 Share Option Scheme

Subject to the following provisions, the terms of the 2021 Share Option Scheme may be altered in any respect by a resolution of the Board without first obtaining Shareholders’ approval given by resolution passed at a general meeting:

- (i) the provisions of the 2021 Share Option Scheme relating to matters governed by Rule 17.03 of the Listing Rules shall not be altered to the advantage of the Participants without the prior approval of the Shareholders in general meeting, provided that no such alteration

shall operate to affect adversely the terms of issue of any Option granted or agreed to be granted prior to such alteration except with the consent or sanction of such majority of the Grantees as would be required of the holders of the Shares under the Bye-laws for a variation of the rights attached to the Shares;

- (ii) any alterations to the terms and conditions of the 2021 Share Option Scheme which are of a material nature or any change to the terms of Options granted must be approved by the Shareholders in general meeting, except where the alterations take effect automatically under the existing terms of the 2021 Share Option Scheme;
- (iii) the amended terms of the 2021 Share Option Scheme or the Options must still comply with the relevant requirements of Chapter 17 of the Listing Rules; and
- (iv) any change to the authority of the Directors or the administrators of the 2021 Share Option Scheme in relation to any alteration to the terms of the 2021 Share Option Scheme must be approved by the Shareholders in general meeting.

(p) Termination of the 2021 Share Option Scheme

The Company by resolution in general meeting of its Shareholders or at a meeting of the Board may at any time terminate the operation of the 2021 Share Option Scheme, and in such event no further Options will be granted and accepted but the provisions of the 2021 Share Option Scheme shall remain in force in all other respects to the extent necessary to give effect to the exercise of any Options (to the extent not already exercised) granted prior thereto or otherwise as may be required in accordance with the provisions of the 2021 Share Option Scheme. All Options granted and accepted prior to such termination and not then exercised shall continue to be valid and exercisable subject to and in accordance with the terms of which the Options are granted.

(q) Duration and administration

The 2021 Share Option Scheme shall be valid and effective for the Scheme Period, after which period no further Options will be issued, but the provisions of the 2021 Share Option Scheme shall remain in full force and effect to the extent necessary to give effect to the exercise of any Options granted prior to such expiry or otherwise as may be required in accordance with the provisions of the 2021 Share Option Scheme.

(r) Conditions

The 2021 Share Option Scheme is conditional upon:

- (i) the passing of an ordinary resolution by the Shareholders in general meeting approving the adoption of the 2021 Share Option Scheme, and authorising the Board to grant Options thereunder and to allot, issue and deal with the Shares which fall to be issued by the Company pursuant to the exercise of any Option; and
- (ii) the Listing Committee of the Stock Exchange granting, with or without condition, the approval of the listing of, and permission to deal in, any Shares which may fall to be allotted and issued by the Company upon the exercise of any Options that may be granted under the 2021 Share Option Scheme.

(s) Grant of options to connected persons

Where any grant of Options is proposed to be made to a Director, chief executive of the Company or substantial Shareholder, or any of their respective associates, such offer must first be approved by the independent non-executive Directors (excluding any independent non-executive Director who, or whose associate, is the Grantee of the Options).

Where any grant of Options is proposed to be made to a substantial Shareholder or an independent non-executive Director, or any of their respective associates, would result in the Shares issued and to be issued upon exercise of all Options already granted and to be granted (including Options exercised, cancelled and outstanding) to such person under the 2021 Share Option Scheme in the 12-month period up to and including the date of such grant: (i) representing in aggregate over 0.1% of the Shares in issue; and (ii) having an aggregate value, based on the closing price of the Shares as stated in the Stock Exchange's daily quotations sheets at the date of each grant, in excess of HK\$5,000,000, such further grant of Options must be approved by the Shareholders in a general meeting and a circular has to be despatched to the Shareholders pursuant to the Listing Rules. The Grantee, his associates and all core connected persons of the Company must abstain from voting in favour at such general meeting. Any vote taken at the general meeting to approve the proposed grant of such options must be taken on a poll.

The circular to be issued must contain details of the number and terms (including the subscription price) of the Options to be granted to each Participant, which must be fixed before the date of the Shareholders' general meeting, and the date of Board meeting for purposing such further grant is to be taken as the Date of Grant for the purpose of calculating the exercise price, and a recommendation from the independent non-executive Directors (excluding any independent non-executive Director who is the Grantee of the Options) to the independent Shareholders as to voting, and other information required to be included by the Listing Rules. In addition, any change in the terms of Options granted to a Participant who is a substantial Shareholder or an independent non-executive Director, or any of their respective associates, must be approved by the Shareholders in general meeting in the same manner as described above.

(t) Restrictions on the time of grant of Options

For so long as the Shares are listed on the Stock Exchange, the Board may not grant any Options to any Participant after inside information (within the meaning of the SFO) has come to their knowledge until (and including) the trading day after the Company has announced the information. In particular, the Board may not grant any Option during the period commencing one (1) month immediately before the earlier of:

- (i) the date of the Board meeting (as such date is first notified to the Stock Exchange under the Listing Rules) for approving the Company's results for any year, half-year, quarterly or any other interim period (whether or not required under the Listing Rules); and
- (ii) the deadline for the Company to announce its results for any year or half-year under the Listing Rules, or quarterly or any other interim period (whether or not required under Listing Rules),

and ending on the date of the results announcement. For the avoidance of doubt, if there is any delay in publication of the results announcement, the period shall end on the actual date of publication of the results announcement; and the Board may not make any Offer to a Participant who is a Director and/or other specified relevant employees of the Group who are considered to be likely in possession of inside information of the Company during the periods or times in which the Directors and/or such relevant employees of the Group are prohibited from dealing in Shares pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers prescribed by the Listing Rules or any corresponding code or securities dealing restrictions adopted by the Company.

NOTICE OF ANNUAL GENERAL MEETING



沪港联合

HONG KONG SHANGHAI ALLIANCE HOLDINGS LIMITED

滬港聯合控股有限公司

(Incorporated in Bermuda with limited liability)

(Stock Code: 1001)

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the annual general meeting (the “Meeting”) of Hong Kong Shanghai Alliance Holdings Limited (the “Company”) will be held at 1st Floor, East Town Building, 41 Lockhart Road, Wanchai, Hong Kong on Wednesday, 11th August 2021 at 10:30 a.m. for the following purposes:

As ordinary business:

1. To receive and adopt the audited consolidated financial statements and the reports of the directors and the auditor of the Company for the year ended 31st March 2021.
2. To declare a special dividend of HK1.00 cent per ordinary share of the Company for the year ended 31st March 2021.
3.
 - (a) To re-elect Mr. Lau Chi Chiu as a director of the Company (the “Director(s)”).
 - (b) To re-elect Mr. Li Yinquan as a Director.
 - (c) To authorise the board of Directors (the “Board”) to fix the Directors’ remuneration.
4. To re-appoint PricewaterhouseCoopers as the Company’s auditor and authorise the Board to fix their remuneration.

As special business:

To consider and, if thought fit, to pass with or without modifications, the following resolutions as ordinary resolutions:

ORDINARY RESOLUTIONS

5. **“THAT:**

- (a) subject to paragraph (c) of this resolution, the exercise by the Directors during the Relevant Period (as defined below) of all the powers of the Company to allot and issue additional shares in the capital of the Company and to make or grant offers, agreements and options which would or might require the exercise of such powers be and is hereby generally and unconditionally approved;

NOTICE OF ANNUAL GENERAL MEETING

- (b) the approval in paragraph (a) of this resolution shall be in addition to any other authorisation given to the Directors and shall authorise the Directors during the Relevant Period (as defined below) to make or grant offers, agreements and options which might require the exercise of such powers after the end of the Relevant Period (as defined below);
- (c) the aggregate nominal amount of share capital allotted or agreed conditionally or unconditionally to be allotted (whether pursuant to an option or otherwise) by the Directors pursuant to the approval in paragraph (a) of this resolution otherwise than pursuant to (i) a Rights Issue (as defined below); or (ii) the exercise of subscription or conversion rights under any warrants of the Company and under any securities which are convertible into shares in the capital of the Company; or (iii) on the exercise of the subscription rights under share option schemes of the Company approved by The Stock Exchange of Hong Kong Limited (the “Stock Exchange”); or (iv) any scrip dividend scheme or similar arrangement implemented in accordance with the Bye-laws of the Company, shall not exceed 20% of the aggregate nominal amount of the share capital of the Company in issue at the date of the passing of this resolution, and the said approval shall be limited accordingly; and
- (d) for the purposes of this resolution:

“Relevant Period” means the period from the passing of this resolution until whichever is the earliest of:

- (i) the conclusion of the next annual general meeting of the Company;
- (ii) the expiration of the period within which the next annual general meeting of the Company is required by Bermuda laws or the Company’s Bye-laws to be held; and
- (iii) the date on which the authority set out in this resolution is revoked or varied by way of ordinary resolution of the Company in general meeting; and

“Rights Issue” means an offer of shares open for a period fixed by the Directors to holders of shares on the register of members of the Company on a fixed record date in proportion to their then holdings of such shares (subject to such exclusions or other arrangements as the Directors may deem necessary or expedient in relation to fractional entitlements or having regard to any restrictions or obligations under the laws of any relevant jurisdiction or the requirements of any recognised regulatory body or any stock exchange).”

6. **“THAT:**

- (a) the exercise by the Directors during the Relevant Period (as defined below) of all the powers of the Company to buy-back issued shares of HK\$0.10 each in the capital of the Company (“Shares”), subject to and in accordance with paragraph (c) of this resolution and all applicable laws, be and is hereby generally and unconditionally approved;
- (b) the approval in paragraph (a) of this resolution shall be in addition to any other authorisation given to the Directors and shall authorise the Directors on behalf of the Company during the Relevant Period (as defined below) to procure the Company to buy-back its Shares at such prices as the Directors at their discretion may determine;

NOTICE OF ANNUAL GENERAL MEETING

(c) the aggregate nominal amount of Shares which are authorised to be bought back by the Directors pursuant to the approval in paragraph (a) of this resolution shall not exceed 10% of the aggregate nominal amount of the share capital of the Company in issue at the date of the passing of this resolution, and the said approval shall be limited accordingly; and

(d) for the purposes of this resolution:

“Relevant Period” means the period from the passing of this resolution until whichever is the earliest of:

(i) the conclusion of the next annual general meeting of the Company;

(ii) the expiration of the period within which the next annual general meeting of the Company is required by Bermuda laws or the Company’s Bye-laws to be held; and

(iii) the date on which the authority set out in this resolution is revoked or varied by way of ordinary resolution of the Company in general meeting.”

7. **“THAT** conditional upon the passing of resolutions nos. 5 and 6 set out in the notice convening the Meeting, the aggregate nominal amount of Shares which shall have been bought back by the Company pursuant to and in accordance with resolution no. 6 set out in the notice convening the Meeting shall be added to the aggregate nominal amount of Shares which may be allotted or agreed conditionally or unconditionally to be allotted by the Directors pursuant to and in accordance with resolution no. 5 set out in the notice convening the Meeting, provided that such additional amount shall not exceed 10% of the aggregate nominal amount of the share capital of the Company in issue at the date of the passing of this resolution.”

8. **“THAT** conditional upon the Listing Committee of the Stock Exchange approving the 2021 share option scheme of the Company (“2021 Share Option Scheme”) (a copy of which marked “A” is produced to the Meeting and signed for the purpose of identification by the chairman of the Meeting and the principal terms of which have been summarised in Appendix III to the circular of the Company dated 12th July 2021) and the granting of options to subscribe for the Shares under the 2021 Share Option Scheme, and granting the listing of, and permission to deal in, any new Shares which may fall to be allotted and issued by the Company upon the exercise of any options that may be granted under the 2021 Share Option Scheme:

(a) the 2021 Share Option Scheme be and is hereby approved and adopted; and

(b) the Directors be authorised to grant options to subscribe for Shares under the 2021 Share Option Scheme, to allot, issue and deal with Shares pursuant to the exercise of options that may be granted under the 2021 Share Option Scheme provided that the total number of Shares which may be issued upon exercise of the options to be granted under the 2021 Share Option Scheme and any other share option scheme(s) of the

NOTICE OF ANNUAL GENERAL MEETING

Company and/or its subsidiary shall not exceed 10% of the aggregate nominal amount of the share capital of the Company in issue at the date of the passing of this resolution, and to do all such acts and things as they consider necessary or expedient to give effect to the 2021 Share Option Scheme.”

By order of the Board
Hong Kong Shanghai Alliance Holdings Limited
Wong Yuen Sze
Company Secretary

Hong Kong, 12th July 2021

Registered office:
Clarendon House
2 Church Street
Hamilton HM11
Bermuda

Principal place of business in Hong Kong:
Rooms 1103-05, 11th Floor
East Town Building
41 Lockhart Road
Wanchai, Hong Kong

Notes:

1. All resolutions set out in this notice of the Meeting will be taken by poll pursuant to the Rules Governing the Listing of Securities on the Stock Exchange (the “Listing Rules”) and the results of the poll will be published on the websites of the Stock Exchange and the Company in accordance with the Listing Rules.
2. A shareholder of the Company (the “Shareholder”) entitled to attend and vote at the Meeting is entitled to appoint one or more person(s) as his/her proxy(ies) to attend and vote instead of him/her. A proxy need not be a member of the Company.
3. A form of proxy in respect of the Meeting is enclosed. Whether or not you intend to attend the Meeting in person, you are urged to complete and return the form of proxy in accordance with the instructions printed thereon. Completion and return of the form of proxy will not preclude you from attending and voting in person at the Meeting or any adjourned meeting if you so wish. In the event that you attend the Meeting after having lodged the form of proxy, it will be deemed to have been revoked.
4. To be valid, the form of proxy must be deposited to the Company’s branch share registrar and transfer office in Hong Kong, Computershare Hong Kong Investor Services Limited, at 17M Floor, Hopewell Centre, 183 Queen’s Road East, Wanchai, Hong Kong, together with any power of attorney or other authority, if any, under which it is signed or a notarially certified copy of that power or authority, not less than 48 hours (i.e. not later than 10:30 a.m. on 9th August 2021) before the time appointed for holding the Meeting or any adjournment thereof.
5. In the case of joint registered holders, the vote of the senior who tenders a vote whether in person or by proxy will be accepted to the exclusion of the votes of the other joint registered holders. For this purpose, seniority is determined by the order in which the names stand in the Register of Members of the Company in respect of the joint holding.

NOTICE OF ANNUAL GENERAL MEETING

6. The Register of Members of the Company will be closed during the following periods and during these periods, no transfer of Shares will be registered:

- (i) For ascertaining the Shareholders' entitlement to attend and vote at the Meeting:

The register of members of the Company will be closed from Friday, 6th August 2021 to Wednesday, 11th August 2021, both days inclusive, for the purpose of ascertaining the Shareholders' entitlement to attend and vote at the Meeting. In order to be eligible to attend and vote at the Meeting, all properly completed transfer forms accompanied by the relevant share certificates must be lodged with the branch share registrar and transfer office of the Company in Hong Kong, Computershare Hong Kong Investor Services Limited (the "Branch Share Registrar") of Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong for registration no later than 4:30 p.m. on Thursday, 5th August 2021.

- (ii) For ascertaining the Shareholders' entitlement to the special dividend:

On the assumption that the resolution for declaring the special dividend is duly passed at the Meeting, the register of members of the Company will be closed from Tuesday, 17th August 2021 to Thursday, 19th August 2021, both days inclusive, for the purpose of ascertaining the Shareholders' entitlement to the special dividend. In order to qualify for the special dividend, all properly completed transfer forms accompanied by the relevant share certificates must be lodged with the Branch Share Registrar for registration no later than 4:30 p.m. on Monday, 16th August 2021.

7. With respect to resolutions nos. 6 and 7, approval is being sought from Shareholders for a general mandate to be given to the Directors to buy-back Shares and to issue Shares as a result of such buy-back. In accordance with the Listing Rules and The Codes on Takeovers and Mergers and Share Buy-backs, an explanatory statement in connection with the general mandate to buy-back Shares, is included in the circular dated 12th July 2021 despatched to Shareholders together with the annual report for the year ended 31st March 2021.
8. In order to facilitate the prevention and control of the spread of the Novel Coronavirus pandemic and to safeguard the health and safety of the Shareholders, the Company encourages Shareholders to consider appointing the chairman of the Meeting as his/her proxy to vote on the relevant resolutions at the Meeting as an alternative to attending the Meeting in person.