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(Incorporated in Hong Kong with limited liability)

(Stock Code: 363)

CONTINUING CONNECTED TRANSACTIONS IN RELATION TO PROCUREMENT FRAMEWORK AGREEMENT

PROCUREMENT FRAMEWORK AGREEMENT

On 27 October 2022, Wing Fat Printing, an indirect non-wholly owned subsidiary of the Company, entered into the Procurement Framework Agreement with Shanghai Pharmaceuticals Holding for a term of one year commencing from 1 January 2023 and ending on 31 December 2023. Pursuant to the Procurement Framework Agreement, any members of the Wing Fat Group may enter into Individual Agreements with any members of the Shanghai Pharmaceuticals Holding Group to supply printed packaging materials for pharmaceutical products, subject to the annual cap of the procurement amount.

LISTING RULES IMPLICATIONS

As at the date of this announcement, SIIC is a controlling shareholder of both the Company and Shanghai Pharmaceuticals Holding. As such, Shanghai Pharmaceuticals Holding is an associate of SIIC and a connected person of the Company, and the entering into of the Procurement Framework Agreement and the transactions contemplated thereunder constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules.

As the highest applicable percentage ratio calculated under Rule 14.07 of the Listing Rules in respect of the annual cap of the procurement amount for the transactions contemplated under the Procurement Framework Agreement is more than 0.1% but less than 5%, such transactions are only subject to the reporting, announcement and annual review requirements and are exempt from the independent shareholders' approval requirement under Chapter 14A of the Listing Rules.

PROCUREMENT FRAMEWORK AGREEMENT

Date

27 October 2022

Parties

- (i) Wing Fat Printing, an indirect non-wholly owned subsidiary of the Company; and
- (ii) Shanghai Pharmaceuticals Holding, an indirect non-wholly owned subsidiary of SIIC.

Subject Matter

Pursuant to the Procurement Framework Agreement, any members of Wing Fat Group may enter into Individual Agreements with any members of the Shanghai Pharmaceuticals Holding Group to supply printed packaging materials for pharmaceutical products, subject to the annual cap of the procurement amount. Terms and conditions of the Individual Agreements shall be consistent with those of the Procurement Framework Agreement.

Term

The term of the Procurement Framework Agreement is one year commencing from 1 January 2023 and ending on 31 December 2023.

Pricing Policies and Payment Terms

The procurement amount chargeable by the Wing Fat Group for the supply of printed packaging materials for pharmaceutical products shall be determined after arm's length negotiations between the parties with reference to various factors for each Individual Agreement, including, among other things, the prevailing market price, type and quantity of printed packaging materials, specifications, complexity of tasks involved and delivery date, to ensure that the amount is in line with the market price.

The specific payment arrangement shall be set out in the Individual Agreements.

Annual Cap and Basis of Determination

The historical transaction amount for the procurement of printed packaging materials for pharmaceutical products by the Shanghai Pharmaceuticals Holding Group from Wing Fat Group for the period from 1 January 2022 to 30 September 2022 amounted to approximately RMB41,068,000.

The annual cap for the total procurement amount payable by the Shanghai Pharmaceuticals Holding Group to the Wing Fat Group with respect to the transactions contemplated under the Procurement Framework Agreement for the financial year ending 31 December 2023 is RMB90,000,000.

The annual cap set out above has been determined after taking into account: (i) the estimated amount of printed packaging materials for pharmaceutical products to be requested by the Shanghai Pharmaceuticals Holding Group for the year ending 31 December 2023; (ii) the historical transaction amount of printed packaging materials for pharmaceutical products purchased by the Shanghai Pharmaceuticals Holding Group; and (iii) an expected increase in the transaction amount of printed packaging materials for pharmaceutical products to be purchased by the Shanghai Pharmaceuticals Holding Group in the future due to business expansion of the Shanghai Pharmaceuticals Holding Group.

INTERNAL CONTROL PROCEDURES

In order to effectively implement the Procurement Framework Agreement, the Company has adopted the following internal control measures:

- (i) the Wing Fat Group will set the selling prices with reference to the market prices of the same or similar printed packaging materials for pharmaceutical products, which will be determined through periodic price researches conducted by the Wing Fat Group;
- (ii) the financial department and other relevant departments of the Group will regularly and closely review and monitor the pricing policies, transaction terms and actual transaction amounts under the Individual Agreements to ensure that the transactions thereunder are conducted in accordance with the terms of the Procurement Framework Agreement and on terms no more favourable to the Shanghai Pharmaceuticals Holding Group than those available to independent third parties in similar transactions and that the total transaction amount will not exceed the proposed annual cap;
- (iii) the Company's auditors will review the continuing connected transactions under the Procurement Framework Agreement annually to check and confirm (among others) whether the pricing policies have been adhered to and whether the relevant annual cap has been exceeded; and
- (iv) the independent non-executive Directors will review the continuing connected transactions under the Procurement Framework Agreement annually to check and confirm that (a) whether such continuing connected transactions have been conducted in the ordinary and usual course of business of the Wing Fat Group and on normal commercial terms, the terms of the Procurement Framework Agreement are fair and reasonable and in the interests of the shareholders of the Company as a whole, and (b) whether the internal control procedures put in place by the Group are adequate and effective to ensure that such continuing connected transactions are conducted in accordance with the pricing policies set out in the Procurement Framework Agreement.

REASONS FOR AND BENEFITS OF ENTERING INTO THE PROCUREMENT FRAMEWROK AGREEMENT

The Company is of the view that entering into the Procurement Framework Agreement is able to

facilitate a stable business relationship with Shanghai Pharmaceuticals Holding, which is in the overall interests of the Group. Moreover, it will further increase the business turnover and foster the business development of the Wing Fat Group in the supply of printed packaging materials for pharmaceutical products in the future.

The Directors (including the independent non-executive Directors) consider that the Procurement Framework Agreement (including the annual cap) has been entered into in the ordinary and usual course of business of the Group, on normal commercial terms and the terms of the Procurement Framework Agreement (including the annual cap) are fair and reasonable and in the interests of the Company and its shareholders as a whole.

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None of the Directors had a material interest in the Procurement Framework Agreement or was required to abstain from voting on the relevant resolution(s) of the Board. However, (i) Mr. Shen Xiao Chu, an executive director and the chairman of SIIC; and (ii) Mr. Zhou Jun, an executive director and the president of SIIC and a non-executive director and the chairman of Shanghai Pharmaceuticals Holding, have voluntarily abstained from voting on the Board resolution(s) approving the Procurement Framework Agreement.

INFORMATION OF THE GROUP, WING FAT PRINTING AND SHANGHAI PHARMACEUTICALS HOLDING

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

Wing Fat Printing is an indirect non-wholly owned subsidiary of the Company. It is principally engaged in the business of printing of packaging materials.

Shanghai Pharmaceuticals Holding is headquartered in Shanghai, it is a national integrated pharmaceutical company in the PRC that has leading positions in both pharmaceutical production and distribution markets. Shanghai Pharmaceuticals Holding's business mainly covers two segments, namely, pharmaceutical industry and pharmaceutical business. The A shares and H shares of Shanghai Pharmaceuticals Holding are listed on the Shanghai Stock Exchange and the Stock

Exchange, respectively. The controlling shareholders of Shanghai Pharmaceuticals Holding are SIIC, Shanghai Pharmaceutical (Group) Co., Ltd.* (上海醫藥(集團)有限公司) and SIIC Shanghai Holdings Co., Ltd.* (上海上實(集團)有限公司).

DEFINITIONS

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

“associate”, “connected person”, “controlling shareholder(s)” and “subsidiary(ies)”	each has the meaning ascribed to it under the Listing Rules
“Board”	the board of Directors
“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
“Group”	the Company and its subsidiaries from time to time
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Individual Agreement(s)”	individual procurement agreement(s) to be entered into between any member(s) of the Wing Fat Group and any member(s) of the Shanghai Pharmaceuticals Holding Group in accordance with the terms set out in the Procurement Framework Agreement
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“PRC”	the People’s Republic of China, and for the purpose of this announcement only, excluding Hong Kong, the Macao Special Administrative Regions of the PRC and Taiwan
“Procurement Framework Agreement”	the framework agreement dated 27 October 2022 and entered into between Wing Fat Printing and Shanghai Pharmaceuticals Holding in respect of the supply of printed packaging materials for pharmaceutical products by the Wing Fat Group to the Shanghai Pharmaceuticals Holding Group
“RMB”	Renminbi, the lawful currency of the PRC

“Shanghai Pharmaceuticals Holding”	上海醫藥集團股份有限公司 (Shanghai Pharmaceuticals Holding Co., Ltd.*), a joint stock company incorporated in the PRC with limited liability whose A shares are listed on the Shanghai Stock Exchange (stock code: 601607) and H shares are listed on the Main Board of the Stock Exchange (stock code: 2607)
“Shanghai Pharmaceuticals Holding Group”	Shanghai Pharmaceuticals Holding and its subsidiaries and 30% controlled companies from time to time
“SIIC”	Shanghai Industrial Investment (Holdings) Company Limited, a company incorporated in Hong Kong with limited liability and a controlling shareholder of the Company and Shanghai Pharmaceuticals Holding
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Wing Fat Printing”	The Wing Fat Printing Company, Limited, a company incorporated in Hong Kong with limited liability and an indirect non-wholly owned subsidiary of the Company
“Wing Fat Group”	Wing Fat Printing and its subsidiaries from time to time
“%”	per cent.

**For identification purposes only.*

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

Hong Kong, 27 October 2022

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

Executive Directors:

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

Independent Non-Executive Directors:

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