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(Stock Code: 363)

**CLARIFICATION ANNOUNCEMENT
IN RELATION TO
DISCLOSEABLE TRANSACTION
IN RESPECT OF
ACQUISITIONS OF EQUITY INTEREST IN
SHANGHAI INDUSTRIAL INVESTMENT (QUANZHOU) CO., LTD.
BY SHANGHAI INDUSTRIAL DEVELOPMENT CO., LTD.**

Reference is made to the announcement of Shanghai Industrial Holdings Limited (the “**Company**”) dated 19 November 2018 (the “**Announcement**”) in relation to the discloseable transaction in respect of the acquisitions of equity interest in Shanghai Industrial Investment (Quanzhou) Co., Ltd. (“**SID Quanzhou**”) by Shanghai Industrial Development Co., Ltd.. Unless otherwise defined, terms used in this announcement shall have the same meanings as used in the Announcement.

The Board would like to clarify that, based on a further review of the financial information of SID Quanzhou for the year ended 31 December 2017, SID Quanzhou is not an insignificant subsidiary of the Company. As at the date of the Announcement, Feili Fujian held 49% equity interest in SID Quanzhou and was a substantial shareholder of a subsidiary of the Company (i.e. SID Quanzhou), and accordingly it was a connected person of the Company at the subsidiary level. As a result, Acquisition I would also constitute a connected transaction of the Company under Chapter 14A of the Listing Rules.

Notwithstanding the clarification set out above, (i) the terms of the Equity Transfer Agreement I and the Equity Transfer Agreement II (collectively, the “**Equity Transfer Agreements**”) remain the same, (ii) all the major terms and conditions of the Equity Transfer Agreements and the Acquisitions have already been fully disclosed in the Announcement, and (iii) all other information in the Announcement remains unchanged.

As one or more of the applicable percentage ratios calculated under Rule 14.07 of the Listing Rules in respect of the Acquisition I exceed 5% but none of them exceed 25%, and Feili Fujian is a connected person of the Company at the subsidiary level, the Acquisition I is a discloseable transaction and connected transaction of the Company and is subject to the reporting and announcement requirements but is exempt from the independent shareholders' approval requirement under the Listing Rules.

In addition, as one or more of the applicable percentage ratios calculated under Rule 14.07 of the Listing Rules in respect of the Acquisition I and the Acquisition II, when aggregated, exceed 5% but none of them exceed 25%, the Acquisitions are also only subject to the reporting and announcement requirements but are exempt from the independent shareholders' approval requirement under the Listing Rules.

The original acquisition cost of the Sale Interest I to Feili Fujian was RMB288,235,294, representing the then 49% of the [registered capital] of SID Quanzhou as contributed by Feili Fujian in January 2011.

None of the Directors had any material interest in the Acquisitions and thus no Director was required to abstain from voting on the Board resolutions approving the Equity Transfer Agreement I and the Equity Transfer Agreement II and the transactions contemplated thereunder. The Directors (including the independent non-executive Directors) consider that the terms of the Acquisitions are fair and reasonable, and the Acquisitions are made on normal commercial terms and in the ordinary and usual course of business of the Group, and in the interests of the Company and its shareholders as a whole.

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

Hong Kong, 21 November 2018

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, Mr. Cheng Hoi Chuen, Vincent and Mr. Yuen Tin Fan, Francis