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(Incorporated in Hong Kong with limited liability)

(Stock Code: 363)

INSIDE INFORMATION ANNOUNCEMENT

This announcement is made by Shanghai Industrial Holdings Limited (the “**Company**”, together with its subsidiaries, the “**Group**”) pursuant to Rule 13.09(2) of the Rules Governing the Listing of Securities (the “**Listing Rules**”) on The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”) and the Inside Information Provisions under Part XIVA of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) (the “**SFO**”).

Reference is made to the announcement of the Company dated 11 January 2022 in relation to the Outstanding Accounts Receivable of SIIC Longchuang (the “**Previous Announcement**”). Unless otherwise defined, capitalised terms used in this announcement shall have the same meanings as defined in the Previous Announcement. The Company would like to provide the following information on the further development of the above matter.

As at 31 December 2021, the unaudited receivables of SIIC Longchuang amounted to approximately RMB2,615 million, of which (i) approximately RMB608 million of prepayment receivable shall be payable by the contracting parties of SIIC Longchuang which involve third parties cases, details of which are under verifications; (ii) approximately RMB959 million of prepayment receivable relate to possible unusual contracts execution of SIIC Longchuang, details of which are in the process of being sorted and retrieved; (iii) approximately RMB101 million are other receivables, of which provisions for bad debts of approximately RMB50.46 million have been made in the 2020 financial year of SI Development; and (iv) approximately RMB806 million of accounts receivable are from construction projects of SIIC Longchuang of previous years and general product trading.

Save for the above possible risk on current accounts of SI Development arising from SIIC Longchuang’s business, all other major businesses of SI Development are operating normally and there is no risk relevant to the current accounts of other major businesses of SI Development, and the Company is of the view that the above matter will not have any material adverse impact on the overall business, operation or financial performance of the Group. As at the date of this announcement, the Company holds approximately 48.6% of the equity interest in SI Development and SI Development holds approximately 69.7849% of the equity interest in SIIC Longchuang.

SI Development has already set up an investigation committee to fully investigate the relevant matter and will resolve the matter accordingly. SI Development will use its best endeavours to recover the Outstanding Accounts Receivable and minimise any possible loss. Policies to improve the company management, personnel management and internal control of SIIC Longchuang have also been implemented.

SI Development will continue the internal investigation on the above matter, including but not limited to the details of clients and suppliers of SIIC Longchuang, their shareholding structure and their relationship with SI Development, SIIC Longchaung and their respective directors, supervisors and senior management, and business of SIIC Longchuang. Further announcement(s) in respect of the material development relating thereto will be made by the Company in accordance with the Listing Rules as and when appropriate.

Shareholders and/or potential investors of the Company are advised to exercise caution when dealing in the shares of the Company.

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

Hong Kong, 29 January 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, Mr. Cheng Hoi Chuen, Vincent and Mr. Yuen Tin Fan, Francis

** for identification purpose only*