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**(Stock Code: 363)**

## **UPDATE ON GUARANTEED RETURN ON NET ASSETS IN RELATION TO SUBSCRIPTION OF EQUITY INTEREST IN SIIC FINANCIAL LEASING**

Reference is made to the announcement of Shanghai Industrial Holdings Limited (the “**Company**”) dated 22 January 2020 in relation to the subscription of equity interest in SIIC Financial Leasing by SSUD, an indirect subsidiary of the Company (the “**Announcement**”). Unless otherwise defined, capitalised terms used in this announcement shall have the same meanings as defined in the Announcement.

As disclosed in the Announcement, pursuant to the Subscription Agreement, the Managing JV Partners and Mr. Lin Zhen have undertaken to compensate SSUD, on a joint and several basis, if the return on net assets (calculated as the net profit attributable to the parent company divided by the net assets attributable to the parent company) of SIIC Financial Leasing for the first financial year following completion of the SSUD Subscription is less than 8% (the “**Guaranteed Return on Net Assets**”).

SSUD has received the audited financial statements of SIIC Financial Leasing for the financial year ended 31 December 2021 and noted that the actual return on net assets for the first financial year following completion of the SSUD Subscription is less than the Guaranteed Return on Net Assets. It was agreed that the amount of compensation for not meeting the Guaranteed Return on Net Assets amounted to approximately RMB16,668,087 (the “**Compensation**”). The Managing JV Partners and Mr. Lin Zhen have agreed to settle the Compensation with SSUD in three tranches in cash as follows:

- (i) RMB6,000,000 plus interest thereon calculated from 1 July 2022 at a rate of 4.45% per annum, by 31 December 2022;
- (ii) RMB5,000,000 plus interest thereon calculated from 1 July 2022 at a rate of 4.45% per annum, by 31 December 2023; and
- (iii) the remaining amount of the Compensation plus interest thereon calculated from 1 July 2022 at a rate of 4.45% per annum, by 31 December 2024.

The Board is of the view that while the Managing JV Partners and Mr. Lin Zhen have yet to pay the Compensation to SSUD pursuant to the terms of the Guaranteed Return on Net Assets under the Subscription Agreement, they have agreed on a payment schedule which is acceptable to SSUD. Considering the payment schedule and the additional interest income from the instalments of the Compensation, the Board is of the view that the payment terms of the Compensation is fair and reasonable and in the interests of the shareholders of the Company as a whole.

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

Hong Kong, 4 November 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*