

Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.



上海實業城市開發集團有限公司

SHANGHAI INDUSTRIAL URBAN DEVELOPMENT GROUP LIMITED

(Incorporated in Bermuda with limited liability)

(Stock Code: 563)

UPDATE ON GUARANTEED RETURN ON EQUITY IN RELATION TO SUBSCRIPTION OF EQUITY INTEREST IN SIIC FINANCIAL LEASING

Reference is made to the announcement of Shanghai Industrial Urban Development Group Limited (the “**Company**”) dated 22 January 2020 and the circular of the Company dated 25 August 2020 in relation to the subscription of equity interest in SIIC Financial Leasing by SIUD Shanghai, a subsidiary of the Company (the “**Circular**”). Unless otherwise defined, capitalised terms used in this announcement shall have the same meanings as defined in the Circular.

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

SIUD Shanghai has received the audited financial statements of SIIC Financial Leasing for the year ended 31 December 2021 and noted that the actual return on equity for the first financial year following Completion is less than the Guaranteed Return on Equity. It was agreed that the amount of compensation for not meeting the Guaranteed Return on Equity amounted to approximately RMB16,668,087 (the “**Compensation**”). The Managing JV Partners and Mr. Lin Zhen have now agreed to settle the Compensation with SIUD Shanghai 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 SIUD Shanghai pursuant to the terms of the Guaranteed Return on Equity under the Subscription Agreement, they have agreed on a payment schedule which is acceptable to SIUD Shanghai. Considering the payment schedule and that interest is payable on the payment instalments, the Board is of the view that the payment schedule is fair and reasonable and in the interests of the shareholders of the Company as a whole.

Further disclosure will be made by the Company in relation to the above in its annual report for the year ending 31 December 2022.

By order of the Board of
Shanghai Industrial Urban Development Group Limited
Huang Haiping
Chairman

Hong Kong, 4 November 2022

As at the date of this announcement, the Board comprises Mr. Huang Haiping, Mr. Tang Jun, Mr. Lou Jun and Mr. Ye Weiqi as executive directors and Mr. Doo Wai-Hoi, William, B.B.S., J.P., Mr. Fan Ren Da, Anthony, Mr. Li Ka Fai, David and Mr. Qiao Zhigang as independent non-executive directors.