

*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)**

## **CONNECTED TRANSACTION PROVISION OF PROJECT MANAGEMENT SERVICES**

The Company announces that, on 5 November 2020, SIUD Shanghai Construction, a wholly-owned subsidiary of the Company, entered into the Project Management Services Agreement with Shanghai Pharmaceuticals Holding following completion of a tender process organised by a bidding agency appointed by Shanghai Pharmaceuticals Holding. Pursuant to the Project Management Services Agreement, SIUD Shanghai Construction agrees to provide Shanghai Pharmaceuticals Holding with project management services for the Project for a total Management Fee of RMB10 million.

As at the date of this announcement, Shanghai Pharmaceuticals Holding is a subsidiary of SIIC (being the controlling shareholder of the Company). As such, Shanghai Pharmaceuticals Holding is an associate of SIIC and a connected person of the Company. Accordingly, the entering into of the Project Management Services Agreement constitutes a connected transaction of the Company under the Listing Rules.

As one or more of the applicable percentage ratios in respect of the transaction contemplated under the Project Management Services Agreement exceed 0.1% but all of them are less than 5%, such transaction is subject to the reporting and announcement requirements but is exempt from the circular and independent shareholders' approval requirements pursuant to Chapter 14A of the Listing Rules.

## **PRINCIPAL TERMS OF THE PROJECT MANAGEMENT SERVICES AGREEMENT**

### **Date**

5 November 2020

### **Parties**

- (1) SIUD Shanghai Construction, a wholly-owned subsidiary of the Company; and
- (2) Shanghai Pharmaceuticals Holding

Shanghai Pharmaceuticals Holding is a subsidiary of SIIC, which is a controlling shareholder of the Company. As such, Shanghai Pharmaceuticals Holding is an associate of SIIC and a connected person of the Company.

### **Subject Matter**

Subject to the terms and provisions of the Project Management Services Agreement, Shanghai Pharmaceuticals Holding engages SIUD Shanghai Construction to provide project management services for the Project. The services to be provided include project initiation works, regulatory approval works, design and construction bidding management, management of the complete design and construction works, cost management, post-construction assessment works and other related supporting services.

Shanghai Pharmaceuticals Holding is the developer of the Project. The Project is located in the Taopu area, Puxi, Shanghai (上海浦西桃浦地區), with a total site area of approximately 51,348.62 square metres. Shanghai Pharmaceuticals Holding proposes to develop the site into Phase Two of the Shanghai Pharmaceutical Logistics Centre Project (上海醫藥物流中心綏德路二期項目). As of the date of this announcement, the estimated total construction costs of the Project is RMB780 million and Shanghai Pharmaceuticals Holding is responsible for all the funding required for the development and construction of the Project.

### **Term**

The term of the Project Management Services Agreement starts from the date of the Project Management Services Agreement and expires on the date completion of the Project is filed with relevant regulatory authority. Construction work for the Project is scheduled to complete in approximately 36 months and project management work of the Project is scheduled to last for approximately 42 months.

## **Management Fee**

The Management Fee payable to SIUD Shanghai Construction for providing project management services to Shanghai Pharmaceuticals Holding under the Project Management Services Agreement is RMB10 million.

Shanghai Pharmaceuticals Holding appointed a bidding agency to organise a tender process to select service provider for the project management services required for the Project. SIUD Shanghai Construction participated in such tender process and was finally selected as the winning bidder.

## **Payment Terms**

The Management Fee is payable by Shanghai Pharmaceuticals Holding to SIUD Shanghai Construction as follows:

- (i) 20% within 30 days after the date of the Project Management Services Agreement and upon agreement on certain project management service plan between Shanghai Pharmaceuticals Holding and SIUD Shanghai Construction;
- (ii) 20% within 30 days after obtaining the commencement permit for the construction works;
- (iii) 20% within 30 days after completing 50% of the construction works;
- (iv) 25% within 30 days after completion and inspection of the construction works;
- (v) 10% within 30 days after obtaining the filings of the completion and transfer of ownership; and
- (vi) the remaining balance within 30 days after completion of the auditing works for the Project and the expiration of the defect liability period.

## **REASONS FOR AND BENEFITS OF ENTERING INTO THE PROJECT MANAGEMENT SERVICES AGREEMENT**

The Board believes that the Project Management Services Agreement will allow the Group to leverage on its expertise and experience in property development in the PRC to broaden its earnings base.

Selection of the project management service provider in the Project and determination of the Management Fee were conducted by way of a bidding process. There are a number of participants in the tender and, following the review and comprehensive comparison of the participating bidders, SIUD Shanghai Construction was selected in accordance with the relevant requirements under the tendering documents. As such, SIUD Shanghai Construction was selected in a competitive tendering process, and the Management

Fee and the terms of the Project Management Services Agreement are determined by the tendering documents and are in line with the market practice and the commercial interests of the Group.

The Board considers that the Project Management Services Agreement has been made on normal commercial terms and in the ordinary and usual course of business of the Group; and that its terms are fair and reasonable and in the interests of the Company and the shareholders of the Company as a whole.

## **INFORMATION OF THE GROUP**

The Company is a company incorporated under the laws of Bermuda with limited liability, and is an investment holding company. The Group is a property developer in the PRC and is principally engaged in the businesses of property development, property investment and hotel operations in the PRC.

## **INFORMATION OF THE PARTIES**

SIUD Shanghai Construction is a company established in the PRC with limited liability and a wholly-owned subsidiary of the Company. It is principally engaged in the provision of decorations, construction engineering, property management and other related services.

Shanghai Pharmaceuticals Holding is headquartered in Shanghai, whose A shares are listed on the Shanghai Stock Exchange and H shares are listed on the Main Board of the Stock Exchange. It is a national integrated pharmaceutical company in the PRC that has leading positions in both pharmaceutical production and distribution markets. Its business mainly covers three segments, namely, pharmaceutical industry, pharmaceutical distribution and pharmaceutical retail.

## **LISTING RULES IMPLICATIONS**

As at the date of this announcement, Shanghai Pharmaceuticals Holding is a subsidiary of SIIC (being the controlling shareholder of the Company). As such, Shanghai Pharmaceuticals Holding is an associate of SIIC and a connected person of the Company. Accordingly, the entering into of the Project Management Services Agreement constitutes a connected transaction of the Company under the Listing Rules.

As one or more of the applicable percentage ratios in respect of the transaction contemplated under the Project Management Services Agreement exceed 0.1% but all of them are less than 5%, such transaction is subject to the reporting and announcement requirements but is exempt from the circular and independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

None of the Directors had any material interest in the Project Management Services Agreement and thus no Director was required to abstain from voting on the Board resolutions approving the Project Management Services Agreement and the transactions contemplated thereunder. Nevertheless, Mr. Huang Haiping, a director and a vice president of SIIC, voluntarily abstained from voting on the Board resolutions approving the Project Management Services Agreement.

## **DEFINITIONS**

Unless the context otherwise requires, capitalised terms used in this announcement have the following meanings:

“Board”	the board of Directors
“Company”	Shanghai Industrial Urban Development Group Limited (上海實業城市開發集團有限公司), a company incorporated in Bermuda with limited liability whose shares are listed on the Main Board of the Stock Exchange
“Directors”	the directors of the Company
“Group”	the Company together with its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
“Management Fee”	the total management fee payable by Shanghai Pharmaceuticals Holding to SIUD Shanghai Construction for the provision of project management services under the Project Management Services Agreement, being RMB10 million
“PRC”	the People’s Republic of China (excluding, for the purpose of this announcement only, Hong Kong, the Macao Special Administrative Region of the PRC and Taiwan)
“Project”	the construction of Phase Two of the Shanghai Pharmaceutical Logistics Centre Project (上海醫藥物流中心綏德路二期項目), located in the Taopu area, Puxi, Shanghai (上海浦西桃浦地區), with a total site area of approximately 51,348.62 square metres

“Project Management Services Agreement”	the construction project entrusted management agreement dated 5 November 2020 entered into between SIUD Shanghai Construction and Shanghai Pharmaceuticals Holding pursuant to which Shanghai Pharmaceuticals Holding engages SIUD Shanghai Construction to provide project management services in relation to the Project
“RMB”	Renminbi, the lawful currency of the PRC
“Shanghai Pharmaceuticals Holding”	Shanghai Pharmaceuticals Holding Co., Ltd. (上海醫藥集團股份有限公司), a joint stock company incorporated in the PRC with limited liability whose A shares are listed on the Shanghai Stock Exchange with stock code 601607 and H shares are listed on the Main Board of the Stock Exchange with stock code 02607
“SIIC”	Shanghai Industrial Investment (Holdings) Company Limited (上海實業(集團)有限公司), a company incorporated in Hong Kong with limited liability and a controlling shareholder of the Company
“SIUD Shanghai Construction”	Shanghai Industrial Urban Development (Shanghai) City Construction and Management Company Limited (上實城開(上海)城市建設管理有限公司), a company established in the PRC with limited liability and a wholly-owned subsidiary of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited

*In this announcement, the terms “associate”, “connected person”, “controlling shareholder” and “subsidiary” have the meanings given to such terms in the Listing Rules, unless the context otherwise requires.*

*The English names of Chinese entities included in this announcement are unofficial translations of their Chinese names and are included for identification purposes only.*

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

Hong Kong, 5 November 2020

*As at the date of this announcement, the Board comprises Mr. HUANG Haiping, Mr. ZHOU Xiong, Mr. LOU Jun, Mr. YE Weiqi and Mr. ZHONG Tao as executive Directors and Mr. DOO Wai-Hoi, William, J.P., Mr. FAN Ren Da, Anthony, Mr. LI Ka Fai, David and Mr. QIAO Zhigang as independent non-executive Directors.*