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**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 18 November 2021, SIUD Shanghai Construction, a wholly-owned subsidiary of the Company, entered into the Project Management Services Agreement with Shanghai Pharmaceuticals Logistics following completion of a tender process organised by a bidding agency appointed by Shanghai Pharmaceuticals Logistics. Under the Project Management Services Agreement, SIUD Shanghai Construction is engaged to provide Shanghai Pharmaceuticals Logistics with project management services in relation to the Project for a total Management Fee of RMB10,000,000.

As at the date of this announcement, Shanghai Pharmaceuticals Logistics is an indirect wholly-owned subsidiary of Shanghai Pharmaceuticals Holding. Shanghai Pharmaceuticals Holding is a subsidiary of SIIC (being the controlling shareholder of the Company). As such, Shanghai Pharmaceuticals Logistics 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**

18 November 2021

### **Parties**

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

As at the date of this announcement, Shanghai Pharmaceuticals Logistics is an indirect wholly-owned subsidiary of Shanghai Pharmaceuticals Holding. Shanghai Pharmaceuticals Holding is a subsidiary of SIIC (being the controlling shareholder of the Company). As such, Shanghai Pharmaceuticals Logistics 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 Logistics engages SIUD Shanghai Construction to manage the Project. The services to be provided include the overall project management, initial planning, organising and managing tender processes, managing the design, progress and inspection of the construction works, conducting post-construction assessment work and other related supporting services.

The Project is sponsored by Shanghai Pharmaceuticals Logistics, which proposes to construct a logistics complex on a site located in the Lingang Special Area in Shanghai owned by Shanghai Pharmaceuticals Logistics. The Project is expected to involve the construction of certain new warehouses, parking spaces and ancillary facilities with a total construction area of approximately 78,332 sq.m. Shanghai Pharmaceuticals Logistics is responsible for all the funding required for the construction of the Project.

### **Term**

The term of the Project Management Services Agreement starts from the date of the Project Management Services Agreement and is expected to last for about 20 months.

### **Management Fee**

The Management Fee payable to SIUD Shanghai Construction for providing project management services to Shanghai Pharmaceuticals Logistics under the Project Management Services Agreement is RMB10,000,000. Shanghai Pharmaceuticals

Logistics appointed a bidding agency to organise a tender process to select a service provider for the project management services required for the Project. SIUD Shanghai Construction participated in such tender process and ultimately won the bid.

### **Payment Terms**

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

- (a) 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 Logistics and SIUD Shanghai Construction;
- (b) 20% within 30 days after obtaining the commencement permit for the construction works;
- (c) 20% within 30 days after completing the construction works in respect of the two main warehouses;
- (d) 25% within 30 days after completion and inspection of the construction works;
- (e) 10% within 30 days after obtaining the filings of the completion and handover of the Project; and
- (f) 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**

Since 2020, the Group has started to diversify into the business of providing project management services in its home town Shanghai to third parties. Since November 2020, SIUD Shanghai Construction has been engaged on several projects to provide project management services. The Board believes that the Project Management Services Agreement represents a good opportunity for the Group to continue to develop its business of the provision of project management services.

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 were 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 Directors, including the independent non-executive Directors, consider 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 Logistics is a company established in the PRC with limited liability and is principally engaged in logistics management and operations and other related services.

Shanghai Pharmaceuticals Logistics is a wholly-owned subsidiary of Shanghai Pharmaceutical Co., Ltd. (上藥控股有限公司), a company established in the PRC with limited liability. Shanghai Pharmaceutical Co., Ltd. is in turn wholly-owned by Shanghai Pharmaceuticals Holding, 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, its principal business being the manufacture, distribution and retail of pharmaceutical products.

## **LISTING RULES IMPLICATIONS**

As at the date of this announcement, Shanghai Pharmaceuticals Logistics is an indirect wholly-owned subsidiary of Shanghai Pharmaceuticals Holding. Shanghai Pharmaceuticals Holding is a subsidiary of SIIC (being the controlling shareholder of the Company). Accordingly, Shanghai Pharmaceuticals Logistics is an associate of SIIC and a connected person of the Company and hence 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%, the 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.

## **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 Logistics to SIUD Shanghai Construction for the provision of project management services under the Project Management Services Agreement, being RMB10,000,000
“PRC”	the People’s Republic of China (excluding, for the purpose of this announcement, Hong Kong, the Macao Special Administrative Region of the PRC and Taiwan)
“Project”	the construction of a logistics complex on the designated site in Shanghai owned by Shanghai Pharmaceuticals Logistics

“Project Management Services Agreement”	the construction project entrusted management agreement dated 18 November 2021 entered into between SIUD Shanghai Construction and Shanghai Pharmaceuticals Logistics pursuant to which Shanghai Pharmaceuticals Logistics 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
“Shanghai Pharmaceuticals Logistics”	Shanghai Pharmaceuticals International Logistics (Shanghai) Co., Ltd. (上藥國際物流(上海)有限公司), a company incorporated in the PRC with limited liability and an indirect wholly-owned subsidiary of Shanghai Pharmaceuticals Holding
“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) Urban Construction and Management Co., Ltd. (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, 18 November 2021

*As at the date of this announcement, the Board comprises Mr. Huang Haiping, Mr. Tang Jun, 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.*