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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 26 May 2021, 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 RMB4.8 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

26 May 2021

Parties

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

Shanghai Pharma Technology is a wholly-owned subsidiary of Shanghai Pharmaceuticals Holding, which in turn is a subsidiary of SIIC. Since SIIC is a controlling shareholder of the Company, Shanghai Pharma Technology 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 Pharma Technology 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.

The Project is sponsored by Shanghai Pharma Technology, which proposes to construct a green and boutique pharmaceutical production base (the “**Production Base**”) to house the relocation of some of the existing production facilities of Shanghai Pharmaceuticals Holding and for the further expansion of Shanghai Pharmaceuticals Holding’s research and development and production capacity. Shanghai Pharma Technology has identified a site with a total area of approximately 52,352 square metres located in the Jinshan Second Industrial Zone (上海金山第二工業區) for the development of the Production Base. Shanghai Pharma Technology currently plans to develop the Production Base in two phases and the Project, which is the subject of the Project Management Services Agreement, is in relation to the first phase of the Production Base. The Project is expected to involve the construction of a total area of approximately 50,372 square metres. Shanghai Pharma Technology 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 actual construction date of the Project and expires on the date on which completion of the Project is filed with the 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 Pharma Technology under the Project Management Services Agreement is RMB4.8 million. Shanghai Pharma Technology 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 Pharma Technology to SIUD Shanghai Construction as follows:

- (i) 10% 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) 10% within 30 days after obtaining the commencement permit for the construction works;
- (iii) 30% within 30 days after completing 50% of the construction works;
- (iv) 30% within 30 days after completion and inspection of the construction works;
- (v) 10% within 30 days after confirmation of 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 Group has identified the provision of project management services in its home town Shanghai as one of its business strategies. As disclosed in the Company's announcements dated 5 November 2020 and 19 November 2020, SIUD Shanghai Construction was engaged to provide project management services for Shanghai Pharmaceuticals Holding and Shanghai Pharmaceutical Group, respectively, in another two development projects in Shanghai. The Board believes that the Project Management Services Agreement represents a good opportunity for the Group to continue developing the business of providing 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 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.

Shanghai Pharma Technology is a wholly-owned subsidiary of Shanghai Pharmaceuticals Holding and is principally engaged in providing technical services and related technological promotion and development.

LISTING RULES IMPLICATIONS

Shanghai Pharma Technology is a 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 Pharma Technology 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 and Mr. Lou Jun, each 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 Pharma Technology to SIUD Shanghai Construction for the provision of project management services under the Project Management Services Agreement, being RMB4.8 million
“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)
“Production Base”	the green and boutique pharmaceutical production base to be developed by Shanghai Pharma Technology in the Shanghai Jinshan Second Industrial Zone (上海金山第二工業區)
“Project”	the construction project of the Production Base
“Project Management Services Agreement”	the construction project entrusted management agreement dated 26 May 2021 entered into between SIUD Shanghai Construction and Shanghai Pharma Technology pursuant to which Shanghai Pharma Technology engages SIUD Shanghai Construction to provide project management services in relation to the Project
“RMB”	Renminbi, the lawful currency of the PRC
“Shanghai Pharma Technology”	Shanghai Shangyao Pharmaceuticals Technology Co., Ltd. (上海上藥醫藥科技有限公司), a company incorporated in the PRC with limited liability and a wholly-owned subsidiary of Shanghai Pharmaceuticals Holding
“Shanghai Pharmaceutical Group”	上海醫藥(集團)有限公司 (Shanghai Pharmaceutical (Group) Co., Ltd.), a company established in the PRC with limited liability and owned as to 60% and 40% by SIIC Shanghai and 中國華源集團有限公司 (China Worldbest Group Company Limited), respectively, and accounted for as a subsidiary of SIIC
“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
“SIIC Shanghai”	上海上實(集團)有限公司 (SIIC Shanghai Holdings Co., Ltd.), a company established in the PRC with limited liability with SIIC as the authorised representative exercising state-owned shareholder’s right over it
“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 “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, 26 May 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.