

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 PROPERTY LEASING AGREEMENT

On 16 July 2024, SUD, a subsidiary of the Company, entered into a lease agreement with Shanghai Huanyu for the lease of the property located at Block 5, No. 2763 Longteng Avenue, Xuhui District, Shanghai, the PRC for use as the offices of SUD and its subsidiaries.

Shanghai Huanyu is a company wholly owned by Xuhui SASAC. Xuhui SASAC is a substantial shareholder of SUD holding 41% of SUD. Shanghai Huanyu is therefore an associate of Xuhui SASAC and a connected person at the subsidiary level of the Company. In accordance with HKFRS 16 applicable to the Company, the rental transaction contemplated under the Property Leasing Agreement is recognised as an acquisition of right-of-use assets. The rental transaction constitutes a one-off connected transaction of the Company under Chapter 14A of the Listing Rules. As the rental transaction contemplated under the Property Leasing Agreement is a connected transaction between the Group and a connected person at the subsidiary level on normal commercial terms or better, it is exempt from the circular, independent financial advice and shareholders' approval requirements pursuant to Rule 14A.101 of the Listing Rules.

PROPERTY LEASING AGREEMENT

The principal terms of the Property Leasing Agreement are set out as follows:

Date : 16 July 2024

Parties : Shanghai Huanyu, as lessor; and
SUD, as tenant

Shanghai Huanyu is a company wholly owned by Xuhui SASAC. Xuhui SASAC is a substantial shareholder of SUD holding 41% of SUD. Accordingly, Shanghai Huanyu is an associate of Xuhui SASAC and a connected person of the Company at the subsidiary level.

- Property : Block 5, No. 2763 Longteng Avenue, Xuhui District, Shanghai, the PRC
- Gross floor area : SUD and its subsidiaries will occupy a total floor area of 9,236 sq.m.
- Term : Five years ending 30 April 2029. SUD has the right to extend the term for a further five years upon expiry.
- Rent : The rent payable by SUD and its subsidiaries is RMB16,225,993 per annum (exclusive of property management fees and water, communication and electricity charges, which shall be borne by SUD), payable quarterly.
- Use : The Property may be used as office only.
- Parking spaces : SUD will lease 20 parking spaces from Shanghai Huanyu at a rate of RMB600 per month per space.

The terms of the Property Leasing Agreement were determined after arm's length negotiations between SUD and Shanghai Huanyu with reference to the current market rental rates for properties comparable in size, location, and amenities; the size of the property, specifically the total floor area available for use; the Property's location, including its proximity to public transportation and business districts; the state of the Property; and the duration of the lease.

The Company estimates that, based on the terms of the Property Leasing Agreement, the aggregate value of right-of-use assets to be recognised under the Property Leasing Agreement is approximately RMB134,695,367. Such amount comprises the use of the Property and the 20 car parking spaces and is calculated on the assumption that the lease is renewed for a total duration of 10 years. The Group expects that the rental payable under the Property Leasing Agreement will be financed primarily by internal resources of the Group.

REASONS FOR AND BENEFITS OF ENTERING INTO THE PROPERTY LEASING AGREEMENT

SUD intends to use the Property as office premises of SUD and its subsidiaries. The Directors (including the independent non-executive Directors) are of the view that the Property will provide the Group with a strategic location conducive to operational efficiency, ensure a stable and well-suited environment for staff and business operations, and reflect a cost-effective decision in line with the Company's financial planning and sustainability goals.

The Directors (including the independent non-executive Directors) are of the view that the Property Leasing Agreement was entered into in the ordinary and usual course of business of the Group and upon normal commercial terms or better to the Group, and the terms of the Property Leasing Agreement are fair and reasonable and in the interests of the Company and the Shareholders 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.

SUD is a limited liability company established in the PRC. It is a 59% owned subsidiary of the Company, and the remaining 41% of SUD is owned by Xuhui SASAC. SUD is principally engaged in property development.

INFORMATION OF SHANGHAI HUANYU AND XUHUI SASAC

Shanghai Huanyu is a limited liability company established in the PRC and wholly owned by Xuhui SASAC. Shanghai Huanyu is a commercial property developer in Xuhui District, Shanghai. Xuhui SASAC is a government authority authorised by and established directly under the Shanghai Xuhui District People's Government for supervising and managing state-owned assets in the possession of Xuhui District, the PRC.

BOARD'S APPROVAL

The Property Leasing Agreement was approved by the Board. None of the Directors had a material interest in the Property Leasing Agreement and none of them was required to abstain from voting in respect of the relevant board resolutions.

LISTING RULES IMPLICATIONS

Shanghai Huanyu is wholly owned by Xuhui SASAC. Xuhui SASAC is a substantial shareholder of SUD holding 41% of SUD. Accordingly, Shanghai Huanyu is an associate of Xuhui SASAC and a connected person of the Company at the subsidiary level. In accordance with HKFRS 16 applicable to the Company, the rental transaction contemplated under the Property Leasing Agreement is recognised as an acquisition of right-of-use assets. The rental transaction constitutes a one-off connected transaction of the Company under Chapter 14A of the Listing Rules. As the rental transaction contemplated under the Property Leasing Agreement is a connected transaction between the Group and a connected person at the subsidiary level on normal commercial terms or better, it is exempt from the circular, independent financial advice and shareholders' approval requirements pursuant to Rule 14A.101 of the Listing Rules.

DEFINITIONS

In this announcement, unless the context otherwise requires, the following expressions 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
“Director(s)”	the directors of the Company
“Group”	the Company together with its subsidiaries
“HKFRS”	Hong Kong Financial Reporting Standards issued by the Hong Kong Institute of Certified Public Accountants
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“PRC”	the People's Republic of China (excluding, for the purpose of this announcement only, the Hong Kong Special Administrative Region, the Macau Special Administrative Region and Taiwan)
“Property”	Block 5, No. 2763 Longteng Avenue, Xuhui District, Shanghai, the PRC
“Property Leasing Agreement”	the property leasing agreement dated 16 July 2024 entered into between Shanghai Huanyu (as lessor) and SUD (as tenant) for the lease of the Property and certain parking spaces

“RMB”	Renminbi, the lawful currency of the PRC
“Shanghai Huanyu”	上海寰宇城市投資發展有限公司 (Shanghai Huanyu Urban Investment and Development Co., Ltd.), a company established in the PRC and wholly-owned by Xuhui SASAC
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“SUD”	上海城開(集團)有限公司 (Shanghai Urban Development (Holdings) Co., Ltd.), a company established in the PRC and is a 59% owned subsidiary of the Company. The remaining 41% of SUD is owned by Xuhui SASAC
“Xuhui SASAC”	上海市徐匯區國有資產監督管理委員會 (the State-owned Assets Supervision and Administration Commission of Shanghai Xuhui District), a government authority authorised by and established directly under the Shanghai Xuhui District People’s Government for supervising and managing state-owned assets in the possession of Xuhui District, including but not limited to, exercising state-owned shareholders’ right over SUD

In this announcement, the terms “associate”, “connected person” 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, 16 July 2024

As at the date of this announcement, the Board comprises Mr. Huang Haiping, Mr. Tang Jun and Ms. Zhou Yadong as executive directors and Mr. Doo Wai-Hoi, William, B.B.S., J.P., Dr. Fan Ren Da, Anthony, Mr. Li Ka Fai, David, M.H. and Dr. Chan Ho Wah Terence as independent non-executive directors.