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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 CONSULTATION SERVICES

Reference is made to the announcement of the Company dated 23 September 2024 in relation to *inter alia*, winning of a bid for the provision of project consultation services in relation to the Project.

The Board is pleased to announce that on 14 October 2024, SIUD Shanghai Construction, a wholly-owned subsidiary, entered into Project Consultation Services Agreement with Shanghai Shen-Yu. Under the Project Consultation Services Agreement, SIUD Shanghai Construction is engaged to provide Shanghai Shen-Yu with project consultation services in relation to the Project for a Consultation Services Fee of RMB12,000,000.

As at the date of this announcement, Shanghai Shen-Yu is an indirect wholly-owned subsidiary of SIHL (being the substantial shareholder of the Company). Accordingly, Shanghai Shen-Yu is an associate of SIHL and a connected person of the Company and the entering into of the Project Consultation 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 Consultation 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.

INTRODUCTION

The Board is pleased to announce that on 14 October 2024, SIUD Shanghai Construction, a wholly-owned subsidiary, entered into Project Consultation Services Agreement with Shanghai Shen-Yu following a successful bid by SIUD Shanghai Construction under a tender process organised by a bidding agency appointed by Shanghai Shen-Yu. Under the Project Consultation Services Agreement, SIUD Shanghai Construction is engaged to provide Shanghai Shen-Yu with project consultation services in relation to the Project for a Consultation Services Fee of RMB12,000,000.

PRINCIPAL TERMS OF THE PROJECT CONSULTATION SERVICES AGREEMENT

Date

14 October 2024

Parties

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

As at the date of this announcement, Shanghai Shen-Yu is an indirect wholly-owned subsidiary of SIHL (being the substantial shareholder of the Company). As such, Shanghai Shen-Yu is an associate of SIHL and a connected person of the Company.

Subject Matter

Subject to the terms and provisions of the Project Consultation Services Agreement, Shanghai Shen-Yu engages SIUD Shanghai Construction to provide project construction consultation services under the Project, including but not limited to general control and management covering engineering management, quality management, cost management, financial management, compliance management, contract management and safety management.

The Project is sponsored by Shanghai Shen-Yu, which proposes to widen and alter G50 Expressway (Shanghai Section), which is located at Qingpu District and Songjiang District, Shanghai and is currently under the maintenance and operation of Shanghai Shen-Yu. Shanghai Shen-Yu is responsible for all the funding required for the Project.

Term

The term of the Project Consultation Services Agreement starts from the date of the Project Consultation Services Agreement and ends on the date on which completion of the Project is filed with the relevant authority, and is expected to be about 36 months.

Consultation Services Fee

The Consultation Services Fee under the Project Consultation Services Agreement is RMB12,000,000, which was the successful bid price submitted by SIUD Shanghai Construction at the public tender, and was determined after taking into consideration of the scope of the consultation services, the anticipated resources and manpower required, the length and scale of the Project, market conditions, business opportunities available, and references to consultation services fee for other comparable projects.

Pursuant to the terms of the Project Consultation Services Agreement, the Consultation Services Fee shall be payable by Shanghai Shen-Yu to SIUD Shanghai Construction as follows:

- (a) 10% of the Consultation Services Fee is payable after the signing of the Project Consultation Services Agreement and upon approval of the construction of the Project;
- (b) 20% of the Consultation Services Fee is payable after obtaining the commencement permit for the construction works;
- (c) 10% of the Consultation Services Fee is payable every half year, from commencement of construction work until completion, up to a cap of 90% of the Consultation Services Fee;
- (d) up to 95% of the Consultation Services Fee is payable after completion and handover of the Project; and
- (e) the remaining balance of the Consultation Services Fee is payable 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 CONSULTATION SERVICES AGREEMENT

Since 2020, the Group has begun diversifying its business by offering project management services to third parties in its home town Shanghai. Since November 2020, SIUD Shanghai Construction has undertaken several project management engagements. The Project involves the widening and alteration construction of G50 Expressway (Shanghai Section) which is a key east-west bound expressway that connects the cities of Shanghai, China in Yangtze River Delta, and Chongqing in western China. The Board believes that participation in the Project represents a good opportunity for the Group to develop its project consultation services business and contribute to the Group's long-term development. This will enable the Group to diversify its business portfolio and broaden its income sources, which is in the commercial interests of the Group.

Selection of the project consultation service provider in the Project and determination of the Consultation Services Fee was conducted by way of a bidding process. There were a number of participants in the tender and SIUD Shanghai Construction was selected as the successful bidder in accordance with the relevant requirements under the tendering documents in line with the market practice.

The Directors, including the independent non-executive Directors, consider that the Project Consultation Services Agreement was entered into 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 Shen-Yu is a company established in the PRC with limited liability and is principally engaged in holding of the right to operate a toll road.

Shanghai Shen-Yu is an indirect wholly-owned subsidiary of Shanghai Industrial Holdings Limited, a controlling and substantial shareholder of the Company and the shares of which are listed on the main board of the Stock Exchange (stock code: 363). SIHL and its subsidiaries are principally engaged in the businesses of infrastructure and environmental protection, comprehensive healthcare operations, real estate and consumer products.

LISTING RULES IMPLICATIONS

As at the date of this announcement, Shanghai Shen-Yu is an indirect wholly-owned subsidiary of SIHL (being the substantial shareholder of the Company). Accordingly, Shanghai Shen-Yu is an associate of SIHL and a connected person of the Company and the entering into of the Project Consultation 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 Consultation 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 Consultation Services Agreement and thus no Director was required to abstain from voting on the Board resolutions approving the Project Consultation 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, a company incorporated under the laws of Bermuda with limited liability, the shares of which are listed on the mainboard of the Stock Exchange
“Consultation Services Fee”	the total consultation services fee payable by Shanghai Shen-Yu to SIUD Shanghai Construction for the provision of project consultation services under the Project Consultation Services Agreement, being RMB12,000,000
“Directors”	the directors of the Company
“G50 Expressway (Shanghai Section)”	G50 Huyu Expressway (Shanghai Section) (G50滬渝高速公路(上海段))
“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
“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 widening and alteration construction of G50 Expressway (Shanghai Section) of which runs from Jiamin Elevated Road (嘉閔高架路) in the east to Lianxi Highway (練西公路) in the west and is of length of approximately 35.5 kilometers, and implementation of the expansion and improvement works at the Dianshan Lake Service Area (澱山湖服務區), the reconstruction of horizontal overpass bridges and the reconstruction of horizontal roads, involving the road engineering, bridge engineering, structural engineering, drainage engineering, smart expressway and ancillary engineering works such as illumination, signs and markings and greening
“Project Consultation Services Agreement”	the construction project entrusted consultation services agreement dated 14 October 2024 entered into between SIUD Shanghai Construction and Shanghai Shen-Yu pursuant to which Shanghai Shen-Yu engages SIUD Shanghai Construction to provide project consultation services in relation to the Project
“RMB”	Renminbi, the lawful currency of the PRC
“Shanghai Shen-Yu”	Shanghai Shen-Yu Development Co., Ltd. (上海申渝公路建設發展有限公司), a company incorporated in the PRC with limited liability and an indirect wholly-owned subsidiary of SIHL
“SIHL”	Shanghai Industrial Holdings Limited, a company incorporated under the laws of Hong Kong with limited liability and the shares of which are listed on the main board of the Stock Exchange (stock code: 363), and a substantial 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, 14 October 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.