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*(Incorporated in Hong Kong with limited liability)*  
**(Stock Code: 363)**

## **CONNECTED TRANSACTION**

### **PROVISION OF PROJECT MANAGEMENT SERVICES**

#### **PROJECT MANAGEMENT SERVICES AGREEMENT**

On 19 November 2020, SIUD Shanghai Construction, an indirect subsidiary of the Company, entered into the Project Management Services Agreement with Shanghai Biomedical Pharmaceuticals following completion of a tender process organised by a bidding agency appointed by Shanghai Biomedical Pharmaceuticals. Pursuant to the Project Management Services Agreement, SIUD Shanghai Construction agrees to provide Shanghai Biomedical Pharmaceuticals with project management services for the Project for a total management fee of RMB20,000,000.

#### **LISTING RULES IMPLICATIONS**

As at the date of this announcement, SIIC is the controlling shareholder of the Company holding approximately 62.53% of the entire issued share capital of the Company, and is therefore a connected person of the Company. Shanghai Biomedical Pharmaceuticals is a wholly-owned subsidiary of Shanghai Pharmaceutical Group, which in turn is owned as to 60% and 40% by SIIC Shanghai (a state-owned enterprise) and China Worldbest, respectively, and is accounted for as a subsidiary of SIIC, which exercises the authority as a state-owned shareholder of SIIC Shanghai. As such, Shanghai Biomedical Pharmaceuticals 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 Chapter 14A of the Listing Rules.

As the highest applicable percentage ratio calculated under Rule 14.07 of the Listing Rules in respect of the transaction contemplated under the Project Management Services Agreement exceeds 0.1% but is less than 5%, such transaction is only subject to the reporting and announcement requirements but is exempt from the independent shareholders' approval requirement under Chapter 14A of the Listing Rules.

## **PROJECT MANAGEMENT SERVICES AGREEMENT**

### **Date**

19 November 2020

### **Parties**

- (1) SIUD Shanghai Construction, an indirect subsidiary of the Company; and
- (2) Shanghai Biomedical Pharmaceuticals.

### **Subject Matter**

Subject to the terms and provisions of the Project Management Services Agreement, Shanghai Biomedical Pharmaceuticals 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 Biomedical Pharmaceuticals is the developer of the Project. The Project is located at 92 Zhangjiang Road, Pudong New Area, Shanghai (上海市浦東新區張江路 92 號), with a total site area of approximately 126,253 square metres. Shanghai Biomedical Pharmaceuticals proposes to develop the site into Phase One of the Shanghai Pharmaceutical and Biomedical Industrial Hub (上藥生物醫藥產業基地建設項目(一期)). As at the date of this announcement, the estimated total construction costs of the Project is approximately RMB2,278,000,000 and Shanghai Biomedical Pharmaceuticals 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 the relevant regulatory authority. Construction work for the Project is scheduled to complete in approximately 44 months and project management work of the Project is scheduled to last for approximately 50 months.

### **Management Fee**

The management fee payable to SIUD Shanghai Construction for providing project management services to Shanghai Biomedical Pharmaceuticals under the Project Management Services Agreement is RMB20,000,000.

Shanghai Biomedical Pharmaceuticals 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 Biomedical Pharmaceuticals to SIUD Shanghai Construction as follows:

- (i) 10% within 30 days after the date of the Project Management Services Agreement and upon agreement on a certain project management service plan between Shanghai Biomedical Pharmaceuticals 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 satisfactory 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 SI Urban Development to leverage 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 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 were 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 entered into in the ordinary and usual course of business of the Group, on normal commercial terms and the terms of the Project Management Services Agreement are fair and reasonable and in the interests of the Company and its shareholders as a whole.

## **INFORMATION OF THE GROUP AND THE PARTIES**

The Group is principally engaged in the businesses of infrastructure facilities, real estate and consumer products.

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

As at the date of this announcement, SIIC is the controlling shareholder of the Company holding approximately 62.53% of the entire issued share capital of the Company. SIIC is principally engaged in financial investment, medicine, infrastructure, real estate and consumer products.

Shanghai Biomedical Pharmaceuticals is a company established in the PRC with limited liability and a wholly-owned subsidiary of Shanghai Pharmaceutical Group, which in turn is owned as to 60% and 40% by SIIC Shanghai and China Worldbest, respectively. Shanghai Biomedical Pharmaceuticals is principally engaged in the development and operation of real estate projects, operation and production of mechanical and medical equipment and production of pharmaceutical products. SIIC Shanghai is principally engaged in investment holding and property investment. China Worldbest is principally engaged in commodities trading and real estate development and management

## **LISTING RULES IMPLICATIONS**

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As the highest applicable percentage ratio calculated under Rule 14.07 of the Listing Rules in respect of the transaction contemplated under the Project Management Services Agreement exceeds 0.1% but is less than 5%, such transaction is only subject to the reporting and announcement requirements but is exempt from the independent shareholders' approval requirement under Chapter 14A of the Listing Rules.

None of the Directors had a material interest in the Project Management Services Agreement or was required to abstain from voting on the relevant resolution(s) of the Board. However, Mr. Shen Xiao Chu, an executive director and the chairman of SIIC; Mr. Zhou Jun, an executive director and the president of SIIC and the chairman of Shanghai Pharmaceutical Group; and Mr. Xu Bo, an executive director and a vice president of SIIC, have voluntarily abstained from voting on the Board resolution(s) approving the Project Management Services Agreement.

## DEFINITIONS

In this announcement, the following expressions shall have the meanings as set out below unless the context otherwise requires:

“associate”, “connected person(s)”, “controlling shareholder” and “subsidiary(ies)”	each has the meaning ascribed to it under the Listing Rules
“Board”	the board of Directors
“China Worldbest”	中國華源集團有限公司 (China Worldbest Group Company Limited*), a company established in the PRC with limited liability, to which its ultimate beneficial owners, to the best of the Directors’ knowledge, information and belief having made all reasonable enquiry, are Independent Third Parties
“Company”	Shanghai Industrial Holdings Limited, a company incorporated in Hong Kong with limited liability, the shares of which are listed on the Main Board of the Stock Exchange (stock code: 363)
“Director(s)”	the director(s) of the Company
“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Independent Third Party(ies)”	parties who are not connected person(s) of the Company
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“PRC”	the People's Republic of China, and for the purpose of this announcement only, excluding Hong Kong and Macau Special Administrative Regions and Taiwan
“Project”	the construction of Phase One of the Shanghai Pharmaceutical and Biomedical Industrial Hub (上藥生物醫藥產業基地建設項目(一期)), located at 92 Zhangjiang Road, Pudong New Area, Shanghai (上海市浦東新區張江路92號), with a total construction area of approximately 126,253 square metres

“Project Management Services Agreement”	the construction project entrusted management agreement dated 19 November 2020 entered into between SIUD Shanghai Construction and Shanghai Biomedical Pharmaceuticals pursuant to which Shanghai Biomedical Pharmaceuticals engages SIUD Shanghai Construction to provide project management services in relation to the Project
“RMB”	Renminbi, the lawful currency of the PRC
“Shanghai Biomedical Pharmaceuticals”	上海上藥生物醫藥有限公司 (Shanghai Biomedical Pharmaceuticals Co., Ltd.*), a company established in the PRC with limited liability and a wholly-owned subsidiary of Shanghai Pharmaceutical Group
“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 China Worldbest, respectively, and accounted for as a subsidiary of SIIC
“SI Urban Development”	Shanghai Industrial Urban Development Group Limited, a company incorporated in Bermuda with limited liability, whose shares are listed on the Main Board of the Stock Exchange (stock code: 563), and the Company is its controlling shareholder
“SIIC”	Shanghai Industrial Investment (Holdings) Company Limited, a company incorporated in Hong Kong with limited liability and the 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”	上實城開(上海)城市建設管理有限公司 (Shanghai Industrial Urban Development (Shanghai) City Construction and Management Company Limited*), a company established in the PRC with limited liability and an indirect subsidiary of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited

“0%”

per cent.

*\*For identification purposes only.*

By Order of the Board  
**Shanghai Industrial Holdings Limited**  
**Yee Foo Hei**  
*Company Secretary*

Hong Kong, 19 November 2020

*As at the date of this announcement, the Board comprises:*

*Executive Directors:*

*Mr. Shen Xiao Chu, Mr. Zhou Jun, Mr. Xu Bo and Mr. Xu Zhan*

*Independent Non-Executive Directors:*

*Prof. Woo Chia-Wei, Mr. Leung Pak To, Francis, Mr. Cheng Hoi Chuen, Vincent and Mr. Yuen Tin Fan, Francis*