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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**

The Company announces that, on 12 October 2021, SIUD Shanghai Construction, an indirect non-wholly owned subsidiary of the Company, entered into the Project Management Services Agreement with Shanghai Dongyi Property following completion of a tender process organised by a bidding agency appointed by Shanghai Dongyi Property. Under the Project Management Services Agreement, SIUD Shanghai Construction is engaged to provide Shanghai Dongyi Property with project management services in relation to the Project for a total Management Fee of RMB12,800,000.

#### **LISTING RULES IMPLICATIONS**

As at the date of this announcement, Shanghai Dongyi Property is a wholly-owned subsidiary of SIIC Dongtan Investment, which is in turn a wholly-owned subsidiary of SIIC Shanghai. SIIC Shanghai is a subsidiary of SIIC (being a controlling shareholder of the Company) by virtue of SIIC being the representative authorised to exercise state-owned shareholder's right over SIIC Shanghai. As such, Shanghai Dongyi Property 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**

12 October 2021

### **Parties**

- (1) SIUD Shanghai Construction, a wholly-owned subsidiary of SI Urban Development and thus an indirect non-wholly owned subsidiary of the Company
- (2) Shanghai Dongyi Property

### **Subject Matter**

Subject to the terms and provisions of the Project Management Services Agreement, Shanghai Dongyi Property 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 Dongyi Property, which proposes to construct a sanatorium on a site area of approximately 77,966 sq.m. located in the Chongming district in Shanghai owned by Shanghai Dongyi Property. The Project is expected to involve the construction of certain new buildings with a total construction area of approximately 44,943 sq.m. and the restoration of certain existing buildings located on the site. Shanghai Dongyi Property 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 ends on the date on which completion of the Project is filed with the relevant regulatory authority, which is expected to last for about 38 months.

### **Management Fee**

The Management Fee payable to SIUD Shanghai Construction for providing project management services to Shanghai Dongyi Property under the Project Management Services Agreement is RMB12,800,000. Shanghai Dongyi Property 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 Dongyi Property to SIUD Shanghai Construction as follows:

- (i) 20% within 30 days after the date of the Project Management Services Agreement and upon agreement on certain project management service plan between Shanghai Dongyi Property and SIUD Shanghai Construction;
- (ii) 20% within 30 days after obtaining the commencement permit for the construction works;
- (iii) 20% within 30 days after completing the construction works in respect of certain designated buildings and upon confirmation by Shanghai Dongyi Property;
- (iv) 25% within 30 days after completion and inspection of the construction works;
- (v) 10% within 30 days after obtaining the filings of the completion and handover of the Project; 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**

Since 2020, SI Urban Development 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 SI Urban Development to continue 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 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 (including the independent non-executive Directors) 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 its shareholders as a whole.

## **INFORMATION OF THE GROUP**

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

## **INFORMATION OF THE PARTIES**

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

Shanghai Dongyi Property is a company established in the PRC with limited liability and a wholly-owned subsidiary of SIIC Dongtan Investment, which is in turn a wholly-owned subsidiary of SIIC Shanghai (being a subsidiary of SIIC). Shanghai Dongyi Property is principally engaged in property development and operations, property management and other related services. SIIC is principally engaged in financial investment, medicine, infrastructure, real estate and consumer products.

## **LISTING RULES IMPLICATIONS**

As at the date of this announcement, Shanghai Dongyi Property is a wholly-owned subsidiary of SIIC Dongtan Investment, which is in turn a wholly-owned subsidiary of SIIC Shanghai. SIIC Shanghai is a subsidiary of SIIC (being a controlling shareholder of the Company) by virtue of SIIC being the representative authorised to exercise state-owned shareholder's right over SIIC Shanghai. As such, Shanghai Dongyi Property 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.

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 relevant resolution(s) of the Board approving the Project Management Services Agreement and the transaction contemplated thereunder. However, (i) Mr. Shen Xiao Chu, an executive director and the chairman of SIIC; and (ii) Mr. Zhou Jun, an executive director and the president of SIIC, have voluntarily abstained from voting on the relevant resolution(s) of the Board approving the Project Management Services Agreement and the transaction contemplated thereunder.

## **DEFINITIONS**

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

“associate”,	each has the meaning ascribed to it under the Listing Rules
“connected person”,	
“controlling shareholder”,	
“percentage ratio(s)”	
and “subsidiary(ies)”	

“Board”	the board of Directors
“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 from time to time
“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 Dongyi Property to SIUD Shanghai Construction for the provision of project management services under the Project Management Services Agreement, being RMB12,800,000
“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 sanatorium on the designated site in Shanghai owned by Shanghai Dongyi Property
“Project Management Services Agreement”	the construction project entrusted management agreement dated 12 October 2021 entered into between SIUD Shanghai Construction and Shanghai Dongyi Property pursuant to which Shanghai Dongyi Property engages SIUD Shanghai Construction to provide project management services in relation to the Project
“RMB”	Renminbi, the lawful currency of the PRC
“Shanghai Dongyi Property”	上海東頤置業有限公司(Shanghai Dongyi Property Co., Ltd.*), a company established in the PRC with limited liability and a wholly-owned subsidiary of SIIC Dongtan Investment
“SIIC”	Shanghai Industrial Investment (Holdings) Company Limited, a company incorporated in Hong Kong with limited liability and a controlling shareholder of the Company

“SIIC Dongtan Investment”	上海實業東灘投資開發（集團）有限公司 (SIIC Dongtan Investment & Development (Holdings) Co., Ltd.*), a company established in the PRC with limited liability and a wholly-owned subsidiary of SIIC Shanghai
“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 and which is controlled by 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) Urban Construction and Management Co., Ltd.*), a company established in the PRC with limited liability and an indirect non-wholly owned subsidiary of the Company
“SI Urban Development”	Shanghai Industrial Urban Development Group Limited, a company incorporated in Bermuda with limited liability, the shares of which are listed on the Main Board of the Stock Exchange (stock code: 563), and the Company is its controlling shareholder
“sq.m.”	square metre(s)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“%”	per cent.

*\*For identification purposes only.*

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

Hong Kong, 12 October 2021

*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*