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

## **CONNECTED TRANSACTION**

### **PROJECT MANAGEMENT SERVICES AGREEMENT WITH SHANGHAI PHARMACEUTICALS HOLDING**

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

On 5 November 2020, SIUD Shanghai Construction, an indirect 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 RMB10,000,000.

#### **LISTING RULES IMPLICATIONS**

As at the date of this announcement, SIIC is the controlling shareholder of the Company holding approximately 62.53% of the issued share capital of the Company, and is therefore a connected person of the Company. Shanghai Pharmaceuticals Holding is a subsidiary of SIIC. 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 Chapter 14A of the Listing Rules

As the highest applicable percentage ratios 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 and is exempt from the independent shareholders' approval requirement under Chapter 14A of the Listing Rules.

# PROJECT MANAGEMENT SERVICES AGREEMENT

## Date

5 November 2020

## Parties

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

## Subject Matter

Subject to the terms and provisions of the Project Management Services Agreement, Shanghai Pharmaceuticals Holding 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 Pharmaceuticals Holding is the developer of the Project. The Project is located in the Taopu area, Puxi, Shanghai (上海浦西桃浦地區), with a total site area of approximately 51,348.62 square metres. Shanghai Pharmaceuticals Holding proposes to develop the site into Phase Two of the Shanghai Pharmaceutical Logistics Centre Project (上海醫藥物流中心綏德路二期項目). As of the date of this announcement, the estimated total construction costs of the Project is RMB780,000,000 and Shanghai Pharmaceuticals Holding 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 be completed 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 Pharmaceuticals Holding under the Project Management Services Agreement is RMB10,000,000.

Shanghai Pharmaceuticals Holding appointed a bidding agency to organise a tender process to select the 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 Pharmaceuticals Holding to SIUD Shanghai Construction as follows:

- (i) 20% within 30 days after the date of the Project Management Services Agreement and upon agreement on a certain project management service plan between Shanghai Pharmaceuticals Holding 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 50% of the construction works;
- (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 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 SIUD 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 issued share capital of the Company. SIIC is principally engaged in financial investment, medicine, infrastructure, real estate and consumer products.

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.

## **LISTING RULES IMPLICATIONS**

As at the date of this announcement, SIIC is the controlling shareholder of the Company holding approximately 62.53% of the issued share capital of the Company, and is therefore a connected person of the Company. Shanghai Pharmaceuticals Holding is a subsidiary of SIIC. 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 Chapter 14A of the Listing Rules.

As the highest applicable percentage ratios 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 and 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 a non-executive director and the Chairman of Shanghai Pharmaceuticals Holding; 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:

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|---|--|
| “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   |
| “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   |
| “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 Two of the Shanghai Pharmaceutical Logistics Centre Project (上海醫藥物流中心綏德路二期項目), located in the Taopu area, Puxi, Shanghai (上海浦西桃浦地區), with a total site area of approximately 51,348.62 square metres   |
| “Project Management Services Agreement”   | the construction project entrusted management agreement dated 5 November 2020 entered into between SIUD Shanghai Construction and Shanghai Pharmaceuticals Holding pursuant to which Shanghai Pharmaceuticals Holding engages SIUD Shanghai Construction to provide project management services in relation to the Project |
| “RMB”   | Renminbi, the lawful currency of the PRC   |

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|------------------------------------|--|
| “Shanghai Pharmaceuticals Holding” | 上海醫藥集團股份有限公司 (Shanghai Pharmaceuticals Holding Co., Ltd.), a joint stock company incorporated in the PRC with limited liability whose A shares are listed on the Shanghai Stock Exchange (stock code: 601607) and H shares are listed on the Main Board of the Stock Exchange (stock code: 2607) |
| “SIIC”                             | Shanghai Industrial Investment (Holdings) Company Limited, a company incorporated in Hong Kong with limited liability and the controlling shareholder of the Company   |
| “SIUD”                             | 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   |
| “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  |
| “%”                                | per cent.  |

*\*For identification purposes only.*

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

Hong Kong, 5 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*