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

## **CONNECTED TRANSACTION**

### **PROPERTY LEASING AGREEMENT**

On 16 July 2024, SUD, an indirect non-wholly owned subsidiary of the Company, entered into the Property Leasing 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% equity interest in 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 (i) one or more of the applicable percentage ratios (as defined under the Listing Rules) in respect of the rental transaction exceed 1% but all of them are below 5%; (ii) the rental transaction contemplated under the Property Leasing Agreement is a connected transaction between the Group and a connected person at the subsidiary level of the Company; (iii) the Directors have approved the Property Leasing Agreement; and (iv) the independent non-executive Directors have confirmed that the terms of the Property Leasing Agreement are fair and reasonable and the transactions contemplated thereunder are on normal commercial terms, in the ordinary and usual course of business of the Group and in the interests of the Company and its shareholders as a whole, the transactions contemplated under the Property Leasing Agreement are subject to the reporting and announcement requirements, but are exempt from the circular, independent financial advice and independent shareholders' approval requirements pursuant to Chapter 14A 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% equity interest in 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 : Initial term of five years from 1 May 2024 to 30 April 2029. SUD has the right to extend the term for a further five years upon expiry of the initial term.
- 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 further term of five years upon the expiry of the initial term of five 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 Group'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 its shareholders as a whole. None of the Directors had a material interest in the Property Leasing Agreement or was required to abstain from voting in respect of the relevant board resolution(s).

## **INFORMATION OF THE GROUP**

The Group is principally engaged in the businesses of infrastructure and environmental protection, comprehensive healthcare operations, real estate and consumer products.

SUD is a limited liability company established in the PRC. It is a 59% owned subsidiary of SI Urban Development (being a non-wholly 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.

## **LISTING RULES IMPLICATIONS**

Shanghai Huanyu is wholly owned by Xuhui SASAC. Xuhui SASAC is a substantial shareholder of SUD holding 41% equity interest in 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 (i) one or more of the applicable percentage ratios (as defined under the Listing Rules) in respect of the rental transaction exceed 1% but all of them are below 5%; (ii) the rental transaction contemplated under the Property Leasing Agreement is a connected transaction between the Group and a connected person at the subsidiary level of the Company; (iii) the Directors have approved the Property Leasing Agreement; and (iv) the independent non-executive Directors have confirmed that the terms of the

Property Leasing Agreement are fair and reasonable and the transactions contemplated thereunder are on normal commercial terms, in the ordinary and usual course of business of the Group and in the interests of the Company and its shareholders as a whole, the transactions contemplated under the Property Leasing Agreement are subject to the reporting and announcement requirements, but are exempt from the circular, independent financial advice and independent shareholders' approval requirements pursuant to Chapter 14A of the Listing Rules.

## DEFINITIONS

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

“associate(s)”, “connected person(s)” and “subsidiary(ies)”	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 from time to time
“HKFRS”	Hong Kong Financial Reporting Standards issued by the Hong Kong Institute of Certified Public Accountants
“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 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 and 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
“SI Urban Development”	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 (stock code: 563) and a non-wholly owned subsidiary of the Company
“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 SI Urban Development. The remaining 41% equity interest in 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
“%”	per cent.

*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  
**Shanghai Industrial Holdings Limited**  
**Yee Foo Hei**  
*Company Secretary*

Hong Kong, 16 July 2024

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

*Executive Directors:*

*Ms. Leng Wei Qing, Mr. Yao Jia Yong and Mr. Zhang Qian*

*Independent Non-Executive Directors:*

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