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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)

CONTINUING CONNECTED TRANSACTIONS PROPERTY LEASING AGREEMENT

On 29 July 2025, SUD, a subsidiary of the Company, entered into a lease agreement with the Tenants for the lease of certain office spaces in Urban Development International Tower, Shanghai.

SIIC (being a controlling shareholder of the Company) is the representative authorised to exercise state-owned shareholder's right over SIIC Shanghai. SIIC, through its wholly-owned subsidiary and another wholly-owned subsidiary of SIIC Shanghai, holds in aggregate more than 30% in each of the Tenants. Accordingly, each of the Tenants is an associate of SIIC and a connected person of the Company and hence the entering into of the Property Leasing Agreement constitutes continuing connected transactions of the Company under Chapter 14A of the Listing Rules.

As one or more of the applicable percentage ratios (as defined in the Listing Rules) calculated based on the Annual Caps exceed 0.1% but all of them are less than 5%, the entering into the Property Leasing Agreement and the transactions contemplated thereunder constitute continuing connected transactions of the Company which are subject to the reporting, announcement and annual review requirements but are exempt from independent shareholders' approval requirement under Chapter 14A of the Listing Rules.

As the duration of the Property Leasing Agreement exceeds three years, pursuant to Rule 14A.52 of the Listing Rules, the Company has engaged the Independent Financial Adviser to explain why a longer period for the Property Leasing Agreement is required and the Independent Financial Adviser has confirmed that it is normal business practice for agreements of similar nature to be of such duration.

PROPERTY LEASING AGREEMENT

SUD, a subsidiary of the Company, has entered into the Property Leasing Agreement for the lease of certain office spaces in Urban Development International Tower, Shanghai with the Tenants, each being a connected person of the Company.

The principal terms of the Property Leasing Agreement are set out as follows:

Date	: 29 July 2025
Parties	: (1) SUD, as lessor; and (2) Shanghai Real Power and Shanghai Ruisheng, as tenants.
Premises	: Units 304 to 308, Urban Development International Tower, No. 355 Hongqiao Road, Xuhui District, Shanghai, China
Use	: Commercial
Gross floor area	: 1,369.65 sq.m. in total
Term	: From 1 September 2025 to 31 May 2031 (both days inclusive).
Rent	: (i) From 1 June 2025 (being the date SUD commences the preparation works at the Premises for the lease) to 31 December 2025: RMB1,867,317.20 per annum. (ii) From 1 January 2026 to 31 December 2030: RMB2,849,572.40 per annum. (iii) From 1 January 2031 to 31 May 2031: RMB1,424,786.20 per annum. Rent is payable quarterly.
Other charges	: Rent is inclusive of property management fees but exclusive of any utilities, telecommunications, parking and other outgoings which are payable by the Tenants. Parking spaces, if used, are charged at RMB700 per space. Overtime air-conditioning is charged at RMB0.40 per sq.m. per hour.
Security deposit	: RMB800,278.80 is payable by Shanghai Real Power as security deposit within 20 working days of signing the Property Leasing Agreement. Such deposit shall be refunded to Shanghai Real Power without interest at the end of the tenancy, subject to delivery of vacant possession of the Premises and settlement of all payments.

The rental terms of the Property Leasing Agreement were determined after arm's length negotiations between SUD, and the Tenants with reference to the current market rental rates for properties comparable in size, location, and amenities; the size of the Premises,

specifically the total floor area available for use; the Premises' location, including its proximity to public transportation and business districts; the state of the Premises; and the duration of the lease.

THE ANNUAL CAPS

The annual aggregate maximum amount payable by the Tenants to SUD under the Property Leasing Agreement for each year during the term of the Property Leasing Agreement is subject to the following cap amounts (the “**Annual Caps**”):

Year ending 31 December	Annual Caps (per calendar year) RMB'000
2025	2,098
2026–2030	3,209
Five months ending 31 May	
2031	1,599

The Annual Caps have been determined having taken into account factors including (i) the rent payable by the Tenants pursuant to the terms of the Property Leasing Agreement, which are on normal commercial terms and arrived at after arm's length negotiation with reference to the prevailing market rent and management fee of similar properties in the vicinity; (ii) the prevailing average cost of utilities in the area and the expected utilities expenses based on the estimated usage by the Tenants, with reference to their past utilities expenses at similar premises; and (iii) a buffer for possible increment in utilities expenses and other unexpected charges incidental to the transactions contemplated under the Property Leasing Agreement.

REASONS FOR AND BENEFITS OF ENTERING INTO THE PROPERTY LEASING AGREEMENT

The leasing of Units 304 to 308 at Urban Development International Tower by SUD to the Tenants increases the occupancy rate and provides a stable and predictable stream of rental income to the Group, contributing positively to the Group's recurring revenue base and enhances cash flow stability. The Premises are high-quality office spaces located in a prime area of Shanghai, and equipped with modern facilities. Securing reputable tenants for these units supports the Group's business development objectives and enhances the profile of Urban Development International Tower as a preferred office location. The presence of established financial and investment management companies as tenants is expected to attract further high-quality tenants to the building.

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 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.

SUD is a limited liability company established in the PRC. It is a 59% 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 REAL POWER AND SHANGHAI RUISENG

Shanghai Real Power is a limited liability company established in the PRC. It is principally engaged in the management of equity investments and the provision of related advisory services, with an investment focus on sectors such as cultural and technological innovation, healthcare and new consumption, exhibitions and modern services, information technology, and the integration of culture and assets. SIIC, through its wholly-owned subsidiary and another wholly-owned subsidiary of SIIC Shanghai, holds in aggregate approximately 32.91% equity interest in Shanghai Real Power. Shanghai Shangbao Asset Management Co., Ltd. (上海上報資產管理有限公司), Shanghai SIG Asset Management Co., Ltd. (上海國際集團資產管理有限公司), Shanghai Ruibao Investment Management Partnership Enterprise (Limited Partnership) (上海瑞葆投資管理合夥企業(有限合夥)), and Shandong Sun Holdings Group Co., Ltd. (山東太陽控股集團有限公司) hold approximately 32.91%, 15.19%, 12.66% and 6.33% equity interest in Shanghai Real Power, respectively. Shanghai Shangbao Asset Management Co., Ltd. and Shanghai SIG Asset Management Co., Ltd. are ultimately owned by the Shanghai Municipal Government. Shanghai Ruibao Investment Management Partnership Enterprise (Limited Partnership) is owned as to approximately 32.71% by Mr. Deng Shigang, 19.99% by Mr. Shen Furong and 19.99% by Mr. Zhao Yaogang, with each of the remaining shareholders holding less than 10% equity interest, and all of the foregoing shareholders including Mr. Deng Shigang, Mr. Shen Furong and Mr. Zhao Yaogang, being independent third parties. Shandong Sun Holdings Group Co., Ltd. is ultimately controlled by Mr. Li Hongxin, an independent third party.

Shanghai Ruisheng is a limited liability company established in the PRC and a wholly-owned subsidiary of Shanghai Real Power. It is principally engaged in the management of equity investments and the provision of related advisory services.

BOARD'S APPROVAL

The Property Leasing Agreement and the Annual Caps were approved by the Board. None of the Directors had a material interest in the Property Leasing Agreement and none of them was required to abstain from voting in respect of the relevant board resolutions.

LISTING RULES IMPLICATIONS

SIIC (being a controlling shareholder of the Company) is the representative authorised to exercise state-owned shareholder's right over SIIC Shanghai. SIIC, through its wholly-owned subsidiary and another wholly-owned subsidiary of SIIC Shanghai, holds in aggregate more than 30% in each of the Tenants. Accordingly, each of the Tenants is an associate of SIIC and a connected person of the Company and hence the entering into of the Property Leasing Agreement constitutes continuing connected transactions of the Company under Chapter 14A of the Listing Rules.

As one or more of the applicable percentage ratios (as defined in the Listing Rules) calculated based on the Annual Caps exceed 0.1% but all of them are less than 5%, the entering into the Property Leasing Agreement and the transactions contemplated thereunder constitute continuing connected transactions of the Company which are subject to the reporting, announcement and annual review requirements but are exempt from independent shareholders' approval requirement under Chapter 14A of the Listing Rules.

OPINION FROM THE INDEPENDENT FINANCIAL ADVISER

As the duration of the Property Leasing Agreement exceeds three years, pursuant to Rule 14A.52 of the Listing Rules, the Company has engaged the Independent Financial Adviser to explain why a longer period for the Property Leasing Agreement is required and to confirm whether it is normal business practice for agreements of similar nature to be of such duration.

In assessing the reasons why the duration of the Property Leasing Agreement is longer than three years, the Independent Financial Adviser has discussed with and understand from the Company that investment properties involve heavy capital expenditures of the Group. Such capital expenditures have to be justified by leasing agreements with longer duration to (i) ensure the return on the investment properties by increasing occupancy rate and providing a stable and predictable stream of recurring rental income; and (ii) secure cashflow for payment of expenditures of investment properties to enhance cashflow stability of the Group. The proposed duration of the Property Leasing Agreement is, in the Independent Financial Adviser's view, aligned with market practice based on the further analysis below.

In considering whether it is normal business practice for agreements of a similar nature to the Property Leasing Agreement to have a term of such duration, the Independent Financial Adviser has reviewed a number of lease agreements of the Group for leasing its investment properties to independent third parties with a duration in a range of between 4 years and 10 years.

The Independent Financial Adviser has searched and reviewed the notifiable transaction announcements in respect of leases and tenancy agreements (excluding finance leases, and sale and leaseback) of premises located in the PRC executed and commenced in 2025 (the “**Comparable Leases**”) published by listed issuers on HKEXNews (www.hkexnews.hk). A total of 12 Comparable Leases have been identified with durations ranging from a year to as long as 20 years. Save for one of the Comparable Leases with a duration of a year, the remaining 11 Comparable Leases have a duration of more than three years. The duration of the Property Leasing Agreement set out in the section headed “Property Leasing Agreement” above falls within the range of the Comparable Leases.

Based on the above, the Independent Financial Adviser considers that (i) a longer period is required for the Property Leasing Agreement; and (ii) it is normal business practice for agreements similar to the Property Leasing Agreement to be of such duration.

INTERNAL CONTROL MEASURES

To ensure the continuing connected transactions will be conducted in accordance with the terms of the Property Leasing Agreement, the Group has adopted the following internal control measures:

- (1) the finance department of the Group will closely monitor each payment made or received under the Property Leasing Agreement, and timely report monitoring data to the compliance department designated by the Company. The compliance department will continue to monitor the total transaction amount under the Property Leasing Agreement to ensure that the Annual Caps are not exceeded;
- (2) the Company will conduct internal control review, including review of financial, operational and compliance controls, on a continuous basis;
- (3) the auditors of the Company will conduct annual review on the pricing basis and the annual caps of the transactions in accordance with the Listing Rules; and
- (4) the independent non-executive Directors will conduct annual review on the transactions to ensure that those transactions are entered into through arm’s length negotiations and on normal commercial terms or better, are fair and reasonable, in the ordinary and usual course of business of the Group, in the interests of the Company and its shareholders as a whole and are carried out pursuant to the terms of the Property Leasing Agreement, and to ensure compliance with the Listing Rules.

DEFINITIONS

In this announcement, unless the context otherwise requires, the following expressions have the following meanings:

“Board”	the board of Directors of the Company
“Company”	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
“Director(s)”	the directors of the Company
“Group”	the Company together with its subsidiaries
“Independent Financial Adviser”	Optima Capital Limited, a corporation licensed to carry out Type 4 (advising on securities) and Type 6 (advising on corporate finance) regulated activities as defined under the Securities and Futures Ordinance (Cap. 571 of the Laws of Hong Kong), being the independent financial adviser appointed by the Company for the purpose of Rule 14A.52 of the Listing Rules
“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)
“Premises”	Units 304 to 308, Urban Development International Tower, No. 355 Hongqiao Road, Xuhui District, Shanghai, China
“Property Leasing Agreement”	the property leasing agreement dated 29 July 2025 entered into between SUD (as lessor) and the Tenants (as tenants) for the lease of the Premises
“RMB”	Renminbi, the lawful currency of the PRC
“Shanghai Real Power”	上海瑞力投資基金管理有限公司 (Shanghai Real Power Capital Co., Ltd.), a company established in the PRC
“Shanghai Ruisheng”	上海瑞昇股權投資管理有限公司 (Shanghai Ruisheng Equity Investment Management Co., Ltd.), a company established in the PRC

“SIIC”	Shanghai Industrial Investment (Holdings) Company Limited (上海實業(集團)有限公司), a company incorporated in Hong Kong with limited liability and a controlling shareholder of the Company
“SIIC Shanghai”	SIIC Shanghai Holdings Co., Ltd. (上海上實(集團)有限公司), 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
“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 the Company. The remaining 41% of SUD is owned by Xuhui SASAC
“Tenants”	Shanghai Real Power and Shanghai Ruisheng
“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

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
Shanghai Industrial Urban Development Group Limited
Huang Haiping
Chairman

Hong Kong, 29 July 2025

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.