

Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.



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)

**CONNECTED TRANSACTIONS
IN RELATION TO
TRANSFER OF EQUITY INTERESTS IN
TWO PROPERTY MANAGEMENT COMPANIES**

EQUITY TRANSFER AGREEMENTS

The Board announces that on 17 November 2017, SUD, a subsidiary of the Company, entered into (i) the Shenda Equity Transfer Agreement with Shangshi Property pursuant to which SUD agreed to transfer the entire equity interest in Shenda to Shangshi Property for RMB70 million; and (ii) the SUD Commercial Equity Transfer Agreement with Shanghai New Century pursuant to which SUD agreed to transfer the entire equity interest in SUD Commercial to Shanghai New Century for RMB17 million. The principal business of each of Shenda and SUD Commercial is property management in the PRC.

LISTING RULES IMPLICATIONS

Each of the Purchasers is an indirect non wholly-owned subsidiary of SIHL, a controlling shareholder of the Company. Each of the Purchasers is therefore an associate of a controlling shareholder of the Company and thus a connected person of the Company. Accordingly, the Equity Transfers constitute connected transactions of the Company under Chapter 14A of the Listing Rules.

As one or more of the applicable percentage ratios in respect of the Equity Transfers, in aggregate, exceeds 0.1% but none of such percentage ratios is 5% or above, the Equity Transfers are subject to the reporting and announcement requirements, but are exempt from the circular, independent financial advice and independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

EQUITY TRANSFERS

On 17 November 2017, SUD, a subsidiary of the Company, entered into the Equity Transfer Agreements with each of the Purchasers, respectively pursuant to which SUD agreed to transfer its entire equity interests in the Property Management Companies to the Purchasers. The principal terms of the Equity Transfer Agreements are set out below:

A. The Shenda Equity Transfer Agreement

Date

17 November 2017 (after trading hours)

Parties

Seller: SUD, a subsidiary of the Company

Purchaser: Shangshi Property

Shangshi Property is a connected person of the Company by virtue of its being an indirect non wholly-owned subsidiary of SIHL, a controlling shareholder of the Company.

Asset being disposed of

The asset being disposed of under the Shenda Equity Transfer Agreement is the entire equity interest of Shenda (“**Shenda Equity**”). Shenda is a company established in the PRC with limited liability and its principal business is property management.

Consideration

The total purchase price for the Shenda Equity is RMB70 million, which was determined after arm’s length negotiations among SUD and Shangshi Property taking into account, among other factors, the value of Shenda as appraised by an independent valuer in the PRC (“**Shenda Valuation**”) of RMB70 million as at 31 August 2017, the business nature and financial position of Shenda, the properties under management by Shenda, the transaction values of comparable transactions, the business prospects of Shenda and the general market conditions of the property management industry in the PRC.

Upon completion of the filing procedures relating to transfers of state-owned assets and the respective internal approval processes of SUD and Shangshi Property in respect of the Shenda Equity Transfer, SUD and Shangshi Property will enter into a formal title transfer agreement in respect of the Shenda Equity Transfer (“**Shenda Formal Transfer Agreement**”) in accordance with the requirements of the Shanghai Equity Exchange. The total purchase price for the Shenda Equity is payable by Shangshi Property to SUD within 10 business days after the date of the Shenda Formal Transfer Agreement.

Completion

Completion of the Shenda Equity Transfer is scheduled to take place within 10 business days following settlement in full of the total purchase price for the Shenda Equity.

Upon completion of the Shenda Equity Transfer, the Company will cease to hold any interest in Shenda, which will accordingly cease to be a subsidiary of the Company.

B. The SUD Commercial Equity Transfer Agreement

Date

17 November 2017 (after trading hours)

Parties

Seller: SUD, a subsidiary of the Company

Purchaser: Shanghai New Century

Shanghai New Century is a connected person of the Company by virtue of its being an indirect non wholly-owned subsidiary of SIHL, a controlling shareholder of the Company.

Asset being disposed of

The asset being disposed of is the entire equity interest of SUD Commercial (“**SUD Commercial Equity**”). SUD Commercial is a company established in the PRC with limited liability and its principal business is property management.

Consideration

The total purchase price for the SUD Commercial Equity is RMB17 million, which was determined after arm’s length negotiations among SUD and Shanghai New Century taking into account, among other factors, the value of SUD Commercial as appraised by an independent valuer in the PRC (“**SUD Commercial Valuation**”) of RMB17 million as at 31 August 2017, the business nature and financial position of SUD Commercial, the properties under management by SUD Commercial, the transaction values of comparable transactions, the business prospects of SUD Commercial and the general market conditions of the property management industry in Shanghai.

Upon completion of the filing procedures relating to transfers of state-owned assets and the respective internal approval processes of SUD and Shanghai New Century in respect of the SUD Commercial Equity Transfer, SUD and Shanghai New Century will enter into a formal title transfer agreement in respect of the SUD Commercial Equity Transfer (“**SUD Commercial Formal Transfer Agreement**”) in accordance with the requirements of the Shanghai Equity Exchange. The total purchase price for the SUD Commercial Equity is payable by Shanghai New Century to SUD within 10 business days after the date of the SUD Commercial Formal Transfer Agreement.

Completion

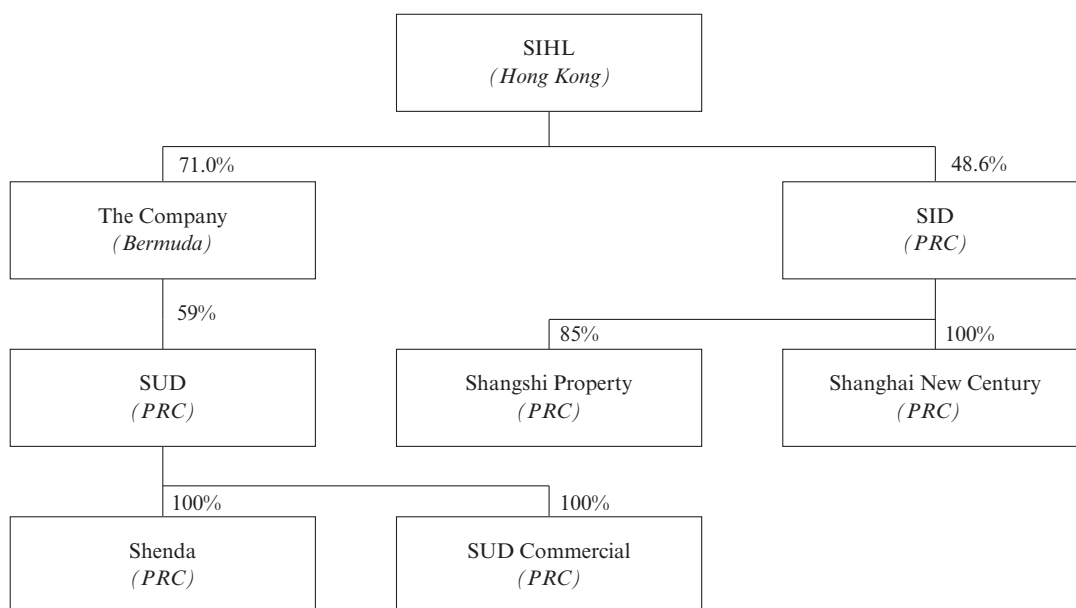
Completion of the SUD Commercial Equity Transfer is scheduled to take place within 10 business days following settlement in full of the total purchase price for the SUD Commercial Equity.

Upon completion of the SUD Commercial Equity Transfer, the Company will cease to hold any interest in SUD Commercial, which will accordingly cease to be a subsidiary of the Company.

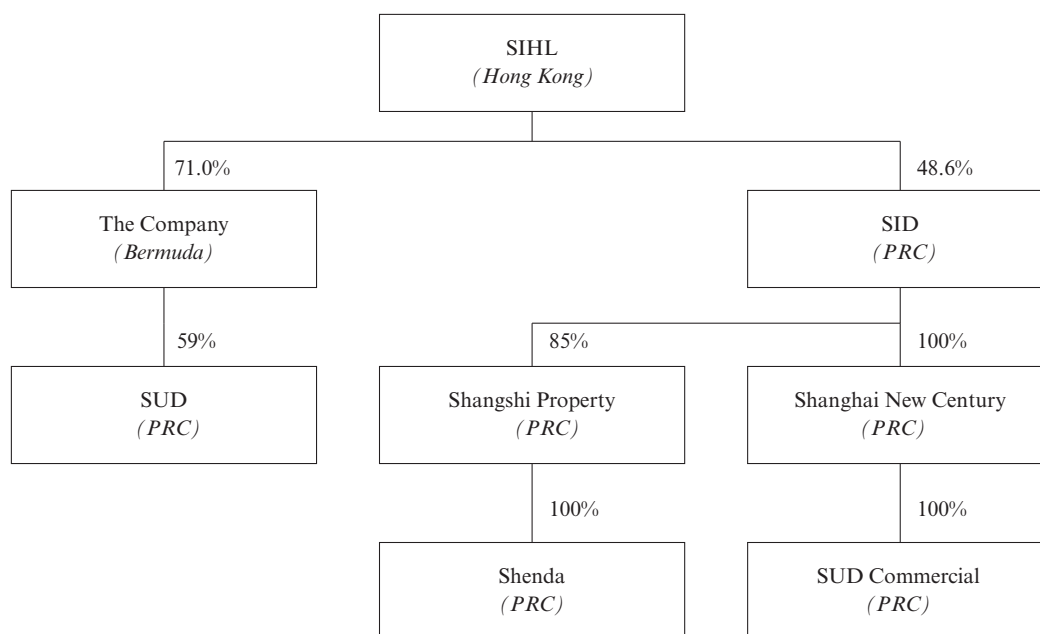
STRUCTURE CHARTS

The following charts show the simplified shareholding structure of Shenda and SUD Commercial before and after completion of the Equity Transfers:

Before completion



After completion



Note: Subsidiaries of companies shown in the charts above may be indirectly owned by their respective holding companies.

FINANCIAL EFFECTS OF THE EQUITY TRANSFERS

The unaudited net asset value of Shenda and SUD Commercial as at 31 August 2017 was RMB12.00 million and RMB7.12 million, respectively.

The following tables set forth the net profit before and after tax and extraordinary items attributable to each of the Property Management Companies for the years indicated:

	Shenda <i>(RMB '000)</i>	SUD Commercial <i>(RMB '000)</i>
Net profit before taxation and extraordinary items for the financial year ended 31 December 2015	468	639
Net profit after taxation and extraordinary items for the financial year ended 31 December 2015	339	474
Net profit before taxation and extraordinary items for the financial year ended 31 December 2016	349	849
Net profit after taxation and extraordinary items for the financial year ended 31 December 2016	257	622

On the basis that the Company owns 59% equity interest in SUD and the unaudited net asset of Shenda and SUD Commercial as at 31 August 2017, it is expected that the Company will record an estimated gain of approximately RMB34,220,000 before taxation attributable to the owners of the Company and an estimated gain of approximately RMB5,829,200 before taxation attributable to the owners of the Company for the Shenda Equity Transfer and the SUD Commercial Equity Transfer, respectively. However, it is expected that the ultimate gain that the Company will record may be different from the above stated amounts given that there may be changes to the net asset value of the respective the Property Management Companies since 31 August 2017.

REASONS FOR AND BENEFITS OF THE EQUITY TRANSFERS

Part of the Group's key strategies is to focus on the property development in Shanghai and domestic core first-tier and second-tier cities. The Board believes that the Equity Transfers provide a good opportunity for the Company to divest its non-core property management business and allow the management to focus further their attention on the Group's property development business.

The Directors (including the independent non-executive Directors) consider that the terms of the Equity Transfers are fair and reasonable, and the Equity Transfers are made on normal commercial terms and 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 Company intends to use the net proceeds from the Equity Transfers as general working capital of the Group.

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 company established in the PRC with limited liability and is owned as to 59% by the Company. Its principal businesses are investment holding and property development.

INFORMATION OF THE PURCHASERS

Shangshi Property and Shanghai New Century are each a company established in the PRC with limited liability and owned as to 85% and 100% respectively by SID. SID is a joint stock limited liability company established in the PRC and its shares are listed on the Shanghai Stock Exchange (stock code: 600748). SIHL, a controlling shareholder of the Company, owns approximately 48.6% of SID.

LISTING RULES IMPLICATIONS

Each of the Purchasers is an indirect non wholly-owned subsidiary of SIHL, a controlling shareholder of the Company. Each of the Purchasers is therefore an associate of a controlling shareholder of the Company and thus a connected person of the Company. Accordingly, the Equity Transfers constitute connected transactions of the Company under Chapter 14A of the Listing Rules.

As one or more of the applicable percentage ratios in respect of the Equity Transfers, in aggregate, exceeds 0.1% but none of such percentage ratios is 5% or above, the Equity Transfers are subject to the reporting and announcement requirements, but are exempt from the circular, independent financial advice and independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

None of the Directors had any material interest in the Equity Transfers and thus no Director was required to abstain from voting on the Board resolutions approving the Equity Transfer Agreements and the transactions contemplated thereunder. Nevertheless, Mr. Yang Jianwei, being one of the executive directors of the Company and also a director of SID, voluntarily abstained from voting on the Board resolutions approving the Equity Transfer Agreements and the transactions contemplated thereunder.

As the Shenda Valuation and SUD Commercial Valuation referred to in the section headed "Equity Transfers" above were prepared based on discounted cash flows, such valuation is regarded as profit forecast under Rule 14.61 of the Listing Rules as applied in Chapter 14A. The Company will issue a further announcement within 15 business days after publication of this announcement in compliance with Rule 14.60A and Rule 14.62 of the Listing Rules in respect of such profit forecast.

DEFINITIONS

Unless the context otherwise requires, capitalised terms used in this announcement have the following meanings:

"Board"	the board of Directors
"Company"	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
"Directors"	the directors of the Company
"Equity Transfer Agreements"	the Shenda Equity Transfer Agreement and the SUD Commercial Equity Transfer Agreement

“Equity Transfers”	the Shenda Equity Transfer and the SUD Commercial Equity Transfer
“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 (for the purpose of this announcement, excluding Hong Kong, the Macao Special Administrative Region of the PRC and Taiwan)
“Property Management Companies”	Shenda and SUD Commercial
“Purchasers”	Shangshi Property and Shanghai New Century
“RMB”	Renminbi, the lawful currency of the PRC
“Shanghai Equity Exchange”	Shanghai United Assets and Equity Exchange (上海聯合產權交易所)
“Shanghai New Century”	Shanghai New Century Real Estate Services Company Limited (上海新世紀房產服務有限公司), a company established in the PRC with limited liability and one of the Purchasers
“Shangshi Property”	Shanghai Shangshi Property Management Company Limited (上海上實物業管理有限公司), a company established in the PRC with limited liability and one of the Purchasers
“Shenda”	Shanghai Shenda Property Company Limited (上海申大物業有限公司), a company established in the PRC with limited liability and one of the Property Management Companies subject to the Equity Transfers
“Shenda Equity”	the entire equity interest in Shenda
“Shenda Equity Transfer”	the transfer of the entire equity interest in Shenda by SUD to Shangshi Property pursuant to the Shenda Equity Transfer Agreement
“Shenda Equity Transfer Agreement”	the equity transfer agreement dated 17 November 2017 entered into between SUD (as seller) and Shangshi Property (as purchaser) in relation to the Shenda Equity Transfer

“Shenda Formal Transfer Agreement”	the formal title transfer agreement to be entered into between SUD (as seller) and Shangshi Property (as purchaser) in respect of the Shenda Equity Transfer
“Shenda Valuation”	the value of Shenda as appraised by an independent appraiser in the PRC as at 31 August 2017
“SID”	Shanghai Industrial Development Co., Ltd. (上海實業發展股份有限公司), a joint stock limited liability company established in the PRC, whose shares are listed on the Shanghai Stock Exchange (stock code: 600748)
“SIHL”	Shanghai Industrial Holdings Limited, a company incorporated in Hong Kong with limited liability, whose shares are listed on the Main Board of the Stock Exchange (stock code: 363) and a controlling shareholder of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“SUD”	Shanghai Urban Development (Holdings) Co., Ltd. (上海城開(集團)有限公司), a company established in the PRC with limited liability and a non wholly-owned subsidiary of the Company
“SUD Commercial”	Shanghai Urban Development Commercial Property Development Company Limited (上海城開商用物業發展有限公司), a company established in the PRC with limited liability and one of the Property Management Companies subject to the Equity Transfers
“SUD Commercial Equity”	the entire equity interest in SUD Commercial
“SUD Commercial Equity Transfer”	the transfer of the entire equity interest in SUD Commercial by SUD to Shanghai New Century pursuant to the SUD Commercial Equity Transfer Agreement
“SUD Commercial Equity Transfer Agreement”	the equity transfer agreement dated 17 November 2017 entered into between SUD (as seller) and Shanghai New Century (as purchaser) in relation to the SUD Commercial Equity Transfer
“SUD Commercial Formal Transfer Agreement”	the formal title transfer agreement to be entered into between SUD (as seller) and Shanghai New Century (as purchaser) in respect of the SUD Commercial Equity Transfer
“SUD Commercial Valuation”	the value of SUD Commercial as appraised by an independent appraiser in the PRC as at 31 August 2017

In this announcement, the terms “associate”, “connected person”, “subsidiary” and “controlling shareholder” 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 of
Shanghai Industrial Urban Development Group Limited
Ji Gang
Chairman

Hong Kong, 17 November 2017

As at the date of this announcement, the Board comprises Mr. Ji Gang, Mr. Lou Jun, Mr. Yang Jianwei, Mr. Fei Zuoxiang, Mr. Ye Weiqi, Ms. Huang Fei and Mr. Zhong Tao as executive Directors and Mr. Doo Wai-Hoi, William, J.P., Mr. Fan Ren Da, Anthony, Mr. Li Ka Fai, David and Mr. Qiao Zhigang as independent non-executive Directors.