

*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)**

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

Reference is made to the announcement of Shanghai Industrial Urban Development Group Limited (the “**Company**”) dated 17 November 2017 (the “**Announcement**”) in relation to the Group’s proposed transfer of:

- (i) the entire equity interest in Shanghai Shenda Property Company Limited\* (上海申大物業有限公司) to Shanghai Shangshi Property Management Company Limited\* (上海上實物業管理有限公司); and
- (ii) the entire equity interest in Shanghai Urban Development Commercial Property Development Company Limited\* (上海城開商用物業發展有限公司) to Shanghai New Century Real Estate Services Company Limited\* (上海新世紀房產服務有限公司).

Unless the context otherwise requires, terms defined in the Announcement have the same meanings when used in this announcement.

**COMPLIANCE WITH THE LISTING RULES**

As disclosed in the Announcement, (i) the total purchase price for the Shenda Equity was determined after arm’s length negotiations between SUD and Shangshi Property taking into account, among other factors, the value of Shenda of RMB70 million as appraised by an independent valuer in the PRC (namely, Shanghai Orient Appraisal Co., Ltd.\* (上海東洲資產評估有限公司)) (the “**Valuer**”) as at 31 August 2017; and (ii) the total purchase price for the SUD Commercial Equity was determined after arm’s length negotiations between SUD and Shanghai New Century taking into account, among other factors, the value of SUD Commercial of RMB17 million as appraised by the Valuer as at 31 August 2017.

The respective enterprise values of Shenda and SUD Commercial as at 31 August 2017, which were determined by the Valuer using the income approach, are RMB70 million and RMB17 million (the “**Valuation**”). The Valuation represents the sum of the value of the operating assets and the value of the non-operating assets of the respective Property Management Company determined under the income approach. The Shenda Valuation was derived from the value of the discounted future estimated operating cashflows of Shenda of approximately RMB27 million and the net book value of its non-operating items of approximately RMB43 million as at 31 August 2017. The SUD Commercial Valuation was derived from the value of the discounted future estimated operating cashflows of SUD Commercial of approximately RMB14 million and the net book value of non-operating items of approximately RMB3 million as at 31 August 2017. As the Valuation is based on the discounted future estimated cashflows of the Property Management Companies, such Valuation constitutes a profit forecast under Rule 14.61 of the Listing Rules as applied in Chapter 14A. Accordingly, the Company discloses the following valuation details in compliance with Rule 14.62 of the Listing Rules.

## **ASSUMPTIONS USED IN THE VALUATION**

According to the valuation reports prepared by the Valuer, details of the principal assumptions, including commercial assumptions, upon which the Valuation is based are set out as follows:

### **Basic Assumptions**

1. **Open market.** Open market represents a competitive market with adequately developed and complete market conditions as well as a willing buyer and a willing seller each having, on an equal status, the opportunities and time to obtain sufficient market information, whereby the transaction is conducted on a voluntary, rational (rather than forced) or unrestricted basis on either party of the buyer and the seller.
2. **Continuous utilisation.** The Valuation assumes all the relevant assets are being and will continue to be utilised based on the relevant data.
3. **Going concern.** The operation of the relevant Property Management Company will not be suspended for whatever reasons but will continue to operate legitimately as a going concern in the foreseeable future based on its existing assets and resources.

### **General Assumptions**

1. Unless specified otherwise, any abnormal factors which affect the appraised value, including existing or potential pledges, guarantees, special transaction modes, are not taken into account.
2. There are no material changes to the relevant prevailing laws and policies, industrial policies or macro-economic situations in the country nor to the political, economic and social environment of regions where the relevant Property Management Company operates, and there are no material adverse impacts arising from other force majeure or unforeseeable factors.

3. There are no material changes to the taxation policies including tax bases and tax rates applicable to the relevant Property Management Company, and the credit policies, interest rates and exchange rates are basically stable.
4. For the purpose of the Valuation, the valuation given to each of the Property Management Company is its market value. The Valuation is based on the pricing standards and valuation system prevailing as at the valuation date.

#### **Assumptions under the Income Approach**

1. All evidences provided by the relevant Property Management Company, including business contracts, business license, articles of association, executed agreements, audit reports and financial information, are true and valid.
2. The existing and future management team of the relevant Property Management Company has exercised and will exercise due diligence, will not involve any material non-compliance that might impact the development and revenue generation of the relevant Property Management Company, and will maintain the existing operation and management mode to continue the business as a going concern.
3. The contracts executed by the relevant Property Management Company in previous years and the current year are valid and effective and can be fulfilled.
4. Based on the principle of even cash flow, cash inflow and outflow are assumed to be generated and incurred (as the case may be) within the same financial year.
5. The future forecast in the relevant Valuation is a reasonable forward-looking projection based on the existing market conditions, without regard to any material changes or fluctuations in future market such as political turmoil, economic crisis or malignant inflation that are unforeseeable at present.
6. The revenues, relevant prices and costs as the basis of the relevant Valuation are of the professional judgments by the Valuer based on its due diligence investigation on the historical figures provided by the relevant Property Management Company.
7. Based on the estimation of the Company, the net book value of the non-operating assets of the respective Project Management Company can be recovered within one year following the valuation date.

#### **CONFIRMATIONS**

Deloitte Touche Tohmatsu (“**Deloitte**”), acting as the Company’s auditor, has examined the calculations of the discounted future estimated cash flows on which the Valuation were based. Deloitte has reported to the Directors in respect of the compilation, based on the assumptions described above, of the discounted future estimated cash flows in

connection with the Shenda Valuation and the SUD Commercial Valuation prepared by the Valuer. The Directors confirm that the Valuation has been made after due and careful enquiry.

The respective reports from Deloitte dated 8 December 2017 in connection with the Valuation in compliance with Rule 14.62(2) of the Listing Rules and the letter from the Board dated 8 December 2017 in compliance with Rule 14.62(3) of the Listing Rules have been submitted to the Stock Exchange, the texts of which are included in Appendix IA, Appendix IB and Appendix II to this announcement, respectively.

## **EXPERTS AND CONSENTS**

The followings are the qualifications of each expert who has provided its conclusion or advice, which is contained in this announcement:

<b>Name</b>	<b>Qualification</b>
Deloitte Touche Tohmatsu	Certified Public Accountants
Shanghai Orient Appraisal Co., Ltd.* (上海東洲資產評估有限公司)	China Real Estate Appraiser

To the best of the Directors' knowledge, information and belief, each of Deloitte and the Valuer is a third party independent of the Group and is not a connected person of the Group. As at the date of this announcement, neither Deloitte nor the Valuer has any shareholding in any member of the Group or any right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in any member of the Group.

Each of Deloitte and the Valuer has given and has not withdrawn its consent to the issue of this announcement with inclusion of its name, statements and all references to its name (including its qualification) in the form and context in which they are included.

By Order of the Board  
**Shanghai Industrial Urban Development Group Limited**  
**Ji Gang**  
*Chairman*

Hong Kong, 8 December 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.*

\* For identification purpose only

## APPENDIX IA

### LETTER FROM DELOITTE TOUCHE TOHMATSU RELATING TO THE SHENDA VALUATION

The following is the text of the letter dated 8 December 2017 from Deloitte Touche Tohmatsu, Certified Public Accountants, relating to the Shenda Valuation, which was prepared for inclusion in this announcement.

#### **INDEPENDENT ASSURANCE REPORT ON CALCULATIONS OF DISCOUNTED FUTURE ESTIMATED CASH FLOWS IN CONNECTION WITH THE VALUATION OF ENTIRE EQUITY INTEREST IN SHANGHAI SHENDA PROPERTY COMPANY LIMITED**

#### **TO THE DIRECTORS OF SHANGHAI INDUSTRIAL URBAN DEVELOPMENT GROUP LIMITED**

We have examined the calculations of the discounted future estimated cash flows on which the valuation prepared by Shanghai Orient Appraisal Co., Ltd.\* (上海東洲資產評估有限公司) dated 10 November 2017, of the entire equity interest in Shanghai Shenda Property Company Limited\* (上海申大物業有限公司) as at 31 August 2017 (the “**Valuation**”) is based. The Valuation based on the discounted future estimated cash flows is regarded as a profit forecast under Rule 14.61 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Listing Rules**”) and will be included in an announcement to be issued by Shanghai Industrial Urban Development Group Limited (the “**Company**”) in connection with the transfer of the entire equity interest in Shanghai Shenda Property Company Limited to Shanghai Shangshi Property Management Company Limited\* (上海上實物業管理有限公司) (the “**Announcement**”).

#### **Directors’ Responsibility for the Discounted Future Estimated Cash Flows**

The directors of the Company are responsible for the preparation of the discounted future estimated cash flows in accordance with the bases and assumptions determined by the directors and set out in the Announcement (the “**Assumptions**”). This responsibility includes carrying out appropriate procedures relevant to the preparation of the discounted future estimated cash flows for the Valuation and applying an appropriate basis of preparation; and making estimates that are reasonable in the circumstances.

#### **Our Independence and Quality Control**

We have complied with the independence and other ethical requirements of the “Code of Ethics for Professional Accountants” issued by the Hong Kong Institute of Certified Public Accountants (the “**HKICPA**”), which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behavior.

Our firm applies Hong Kong Standard on Quality Control 1 “Quality Control for Firms that Perform Audits and Reviews of Financial Statements, and Other Assurance and Related Services Engagements” issued by the HKICPA and accordingly maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

### **Reporting Accountants’ Responsibility**

Our responsibility is to express an opinion on the arithmetical accuracy of the calculations of the discounted future estimated cash flows on which the Valuation is based and to report solely to you, as a body, as required by Rule 14.62(2) of the Listing Rules, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

Our engagement was conducted in accordance with Hong Kong Standard on Assurance Engagements 3000 (Revised) “Assurance Engagements Other Than Audits or Reviews of Historical Financial Information” issued by the HKICPA. This standard requires that we comply with ethical requirements and plan and perform the assurance engagement to obtain reasonable assurance on whether the discounted future estimated cash flows, so far as the calculations are concerned, have been properly compiled in accordance with the Assumptions. Our work was limited primarily to making inquiries of the Company’s management, considering the analyses and assumptions on which the discounted future estimated cash flows are based and checking the arithmetic accuracy of the compilation of the discounted future estimated cash flows. Our work does not constitute any valuation of the entire equity interest in Shanghai Shenda Property Company Limited.

Because the Valuation relates to discounted future estimated cash flows, no accounting policies of the Company have been adopted in its preparation. The Assumptions include hypothetical assumptions about future events and management actions which cannot be confirmed and verified in the same way as past results and these may or may not occur. Even if the events and actions anticipated do occur, actual results are still likely to be different from the Valuation and the variation may be material. Accordingly, we have not reviewed, considered or conducted any work on the reasonableness and the validity of the Assumptions and do not express any opinion whatsoever thereon.

## **Opinion**

Based on the foregoing, in our opinion, the discounted future estimated cash flows, so far as the calculations are concerned, have been properly compiled, in all material respects, in accordance with the Assumptions.

**Deloitte Touche Tohmatsu**

*Certified Public Accountants*

Hong Kong

8 December 2017

\* *English name is for identification purpose only.*

## APPENDIX IB

### LETTER FROM DELOITTE TOUCHE TOHMATSU RELATING TO THE SUD COMMERCIAL VALUATION

The following is the text of the letter dated 8 December 2017 from Deloitte Touche Tohmatsu, Certified Public Accountants, relating to the SUD Commercial Valuation, which was prepared for inclusion in this announcement.

#### INDEPENDENT ASSURANCE REPORT ON CALCULATIONS OF DISCOUNTED FUTURE ESTIMATED CASH FLOWS IN CONNECTION WITH THE VALUATION OF ENTIRE EQUITY INTEREST IN SHANGHAI URBAN DEVELOPMENT COMMERCIAL PROPERTY DEVELOPMENT COMPANY LIMITED

#### TO THE DIRECTORS OF SHANGHAI INDUSTRIAL URBAN DEVELOPMENT GROUP LIMITED

We have examined the calculations of the discounted future estimated cash flows on which the valuation prepared by Shanghai Orient Appraisal Co., Ltd.\* (上海東洲資產評估有限公司) dated 10 November 2017, of the entire equity interest in Shanghai Urban Development Commercial Property Development Company Limited\* (上海城開商用物業發展有限公司) as at 31 August 2017 (the “**Valuation**”) is based. The Valuation based on the discounted future estimated cash flows is regarded as a profit forecast under Rule 14.61 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Listing Rules**”) and will be included in an announcement to be issued by Shanghai Industrial Urban Development Group Limited (the “**Company**”) in connection with the transfer of the entire equity interest in Shanghai Urban Development Commercial Property Development Company Limited to Shanghai New Century Real Estate Services Company Limited\* (上海新世紀房產服務有限公司) (the “**Announcement**”).

#### Directors’ Responsibility for the Discounted Future Estimated Cash Flows

The directors of the Company are responsible for the preparation of the discounted future estimated cash flows in accordance with the bases and assumptions determined by the directors and set out in the Announcement (the “**Assumptions**”). This responsibility includes carrying out appropriate procedures relevant to the preparation of the discounted future estimated cash flows for the Valuation and applying an appropriate basis of preparation; and making estimates that are reasonable in the circumstances.



## **Our Independence and Quality Control**

We have complied with the independence and other ethical requirements of the “Code of Ethics for Professional Accountants” issued by the Hong Kong Institute of Certified Public Accountants (the “HKICPA”), which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behavior.

Our firm applies Hong Kong Standard on Quality Control 1 “Quality Control for Firms that Perform Audits and Reviews of Financial Statements, and Other Assurance and Related Services Engagements” issued by the HKICPA and accordingly maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

## **Reporting Accountants’ Responsibility**

Our responsibility is to express an opinion on the arithmetical accuracy of the calculations of the discounted future estimated cash flows on which the Valuation is based and to report solely to you, as a body, as required by Rule 14.62(2) of the Listing Rules, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

Our engagement was conducted in accordance with Hong Kong Standard on Assurance Engagements 3000 (Revised) “Assurance Engagements Other Than Audits or Reviews of Historical Financial Information” issued by the HKICPA. This standard requires that we comply with ethical requirements and plan and perform the assurance engagement to obtain reasonable assurance on whether the discounted future estimated cash flows, so far as the calculations are concerned, have been properly compiled in accordance with the Assumptions. Our work was limited primarily to making inquiries of the Company’s management, considering the analyses and assumptions on which the discounted future estimated cash flows are based and checking the arithmetic accuracy of the compilation of the discounted future estimated cash flows. Our work does not constitute any valuation of the entire equity interest in Shanghai Urban Development Commercial Property Development Company Limited.

Because the Valuation relates to discounted future estimated cash flows, no accounting policies of the Company have been adopted in its preparation. The Assumptions include hypothetical assumptions about future events and management actions which cannot be confirmed and verified in the same way as past results and these may or may not occur. Even if the events and actions anticipated do occur, actual results are still likely to be different from the Valuation and the variation may be material. Accordingly, we have not reviewed, considered or conducted any work on the reasonableness and the validity of the Assumptions and do not express any opinion whatsoever thereon.

## **Opinion**

Based on the foregoing, in our opinion, the discounted future estimated cash flows, so far as the calculations are concerned, have been properly compiled, in all material respects, in accordance with the Assumptions.

**Deloitte Touche Tohmatsu**

*Certified Public Accountants*

Hong Kong

8 December 2017

\* *English name is for identification purpose only.*

## APPENDIX II

### LETTER FROM THE BOARD

The following is the text of the letter dated 8 December 2017 from the Board which was prepared for inclusion in 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)**

8 December 2017

To: Listing Division of The Stock Exchange of Hong Kong Limited  
11th Floor, One International Finance Centre,  
1 Harbour View Street, Central, Hong Kong

Dear Sir/Madam

Re: Valuation — confirmation letter under the requirements of Rule 14.62(3) of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Listing Rules**”)

We refer to the announcement of Shanghai Industrial Urban Development Group Limited (the “**Company**”) dated 17 November 2017 (the “**Announcement**”). Unless the context otherwise requires, terms defined in the Announcement shall have the same meanings when used in this letter.

We have reviewed the bases and assumptions based upon which each of the Shenda Valuation and the SUD Commercial Valuation has been prepared by Shanghai Orient Appraisal Co., Ltd.\* (上海東洲資產評估有限公司) (the “**Valuer**”). We have also considered the reports from the auditor of the Company, Deloitte Touche Tohmatsu, regarding whether the discounted future estimated cash flow of Shenda and SUD Commercial, respectively, so far as the calculations are concerned, have been properly compiled, in all material respects, in accordance with their respective assumptions.

On the basis of the foregoing, in accordance with the requirements under Rule 14.62(3) of the Listing Rules, we confirm that the valuation of Shenda and SUD Commercial has been made after due and careful enquiry.

By Order of the Board  
**Shanghai Industrial Urban Development Group Limited**  
**Ji Gang**  
*Chairman*

\* *For identification purpose only*