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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)

CONNECTED TRANSACTION DISPOSAL OF A SUBSIDIARY

The Board is pleased to announce that on 17 April 2018 (after trading hours), the Vendor (a wholly-owned subsidiary of the Company) and the Purchaser entered into the Share Transfer Agreement, pursuant to which the Vendor shall dispose of the Sale Share, representing the entire issued share capital of the Target Company, at a consideration of RMB120.75 million, and assign the Outstanding Loans at an aggregate consideration of approximately RMB56 million. The principal asset of the Target Company is the indirect 26.01% equity interests in the Project Company, which is the project company of the Xianghai Xincheng* (香海新城) development project located at Fuzhou, the PRC.

As the Purchaser holds 40% of the entire issued share capital in Initial Point and thus is a substantial shareholder of Initial Point and the sole shareholder of the Purchaser is a director of Initial Point, the Purchaser is a connected person of the Company at subsidiary level and the entering into of the Share Transfer Agreement and the Disposal will constitute a connected transaction of the Company under Chapter 14A of the Listing Rules.

As the Board has approved the Share Transfer Agreement and the Disposal and the independent non-executive Directors have confirmed that the terms of the Share Transfer Agreement are fair and reasonable and the Disposal contemplated thereunder is on normal commercial terms and in the interests of the Company and the Shareholders as a whole, given that the Purchaser is a connected person at the subsidiary level only, the Share Transfer Agreement and the Disposal are exempt from the circular, independent financial advice and independent Shareholders' approval requirements pursuant to Rule 14A.101 of the Listing Rules.

Since each of the applicable percentage ratios in respect of the Disposal is below 5%, the Disposal does not constitute a notifiable transaction of the Company under Chapter 14 of the Listing Rules.

THE DISPOSAL

The major terms of the Share Transfer Agreement are as follows:

THE SHARE TRANSFER AGREEMENT

Date

17 April 2018 (after trading hours)

Parties

- (1) the Vendor, a wholly-owned subsidiary of the Company
- (2) the Purchaser, a company incorporated in Hong Kong with limited liability

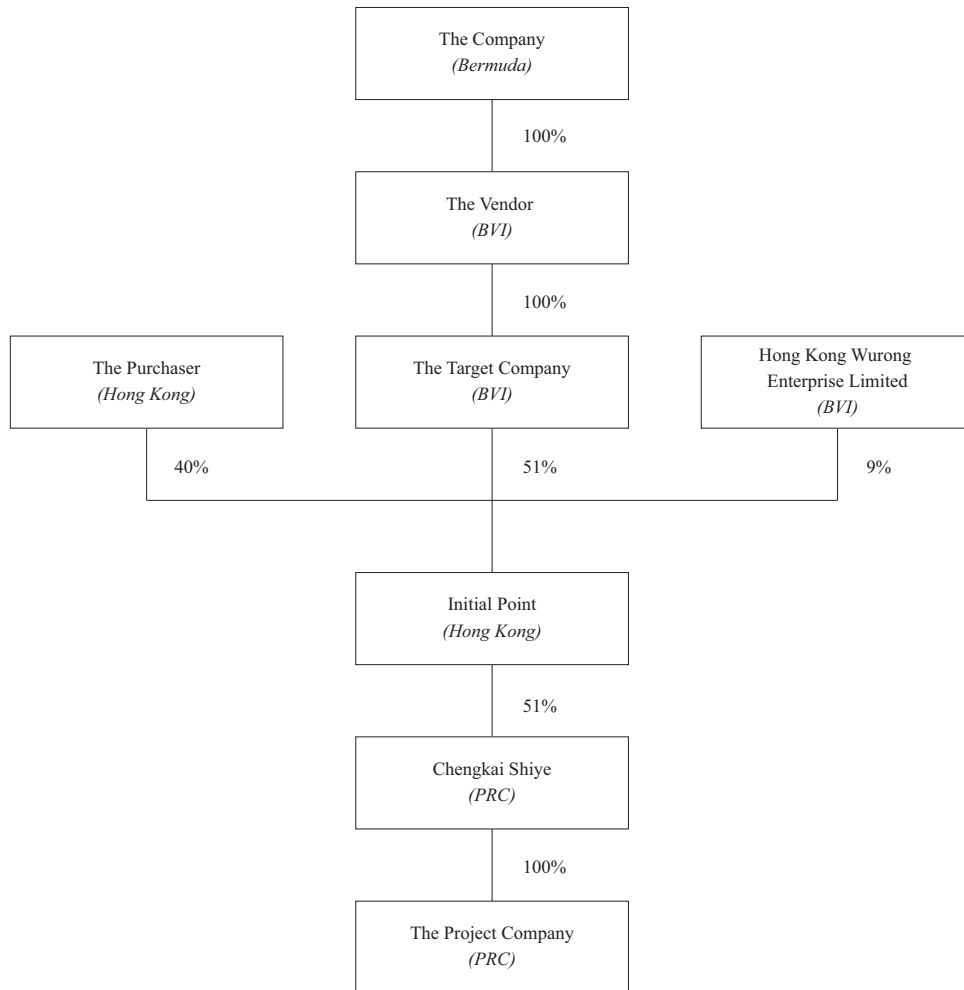
As at the date of this announcement, the Purchaser holds 40% of the entire issued shares of Initial Point and the sole shareholder of the Purchaser is a director of Initial Point, therefore, the Purchaser is a connected person of the Company at subsidiary level.

Asset being disposed of and assigned

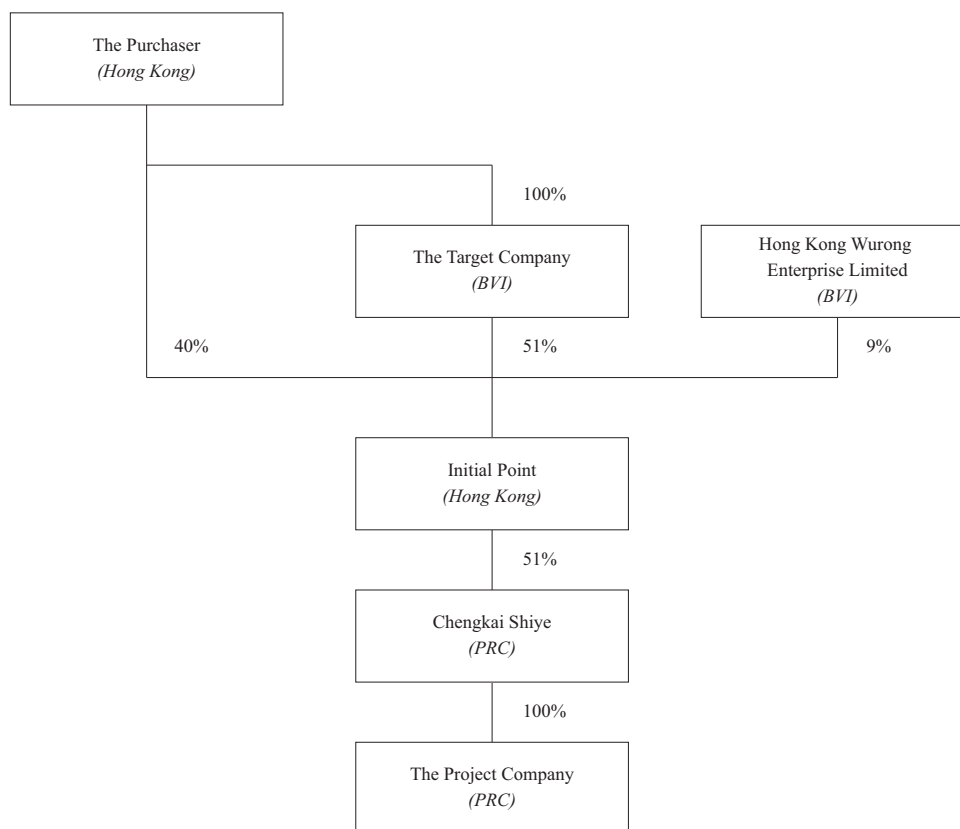
The asset being disposed of is the Sale Share, representing the entire issued share capital of the Target Company, and the asset being assigned is the Outstanding Loans in an aggregate amount of approximately RMB56 million owing to the Company by the Target Company and Initial Point.

The following diagrams illustrate the shareholding structure of the Target Company before and immediately after the completion of the Disposal:

Before completion:



After completion:



Consideration

The consideration for the Sale Share is RMB120.75 million and the consideration for assignment of the Outstanding Loans is approximately RMB56 million. The aggregate consideration for the Disposal in the amount of approximately RMB176.75 million shall be payable by the Purchaser to the Vendor in cash according to the following schedule:

- (i) the Purchaser shall pay approximately RMB56 million within 10 days after the signing of the Share Transfer Agreement; and
- (ii) the Purchaser shall pay RMB120.75 million within 40 days after the signing of the Share Transfer Agreement.

The consideration for the Sale Share was determined after arm's length negotiation between the Vendor and the Purchaser with reference to the appraised net asset value of the Target Company as at 31 October 2017 in the amount of RMB120.75 million; whereas the consideration for the Outstanding Loans reflected the amount of advancement owing to the Company by the Target Company and Initial Point.

Completion

Completion of the Disposal shall take place within 10 days after the full payment of the consideration and the discharge of the guarantees provided by the Group in respect of certain facilities granted to the Project Company. On completion of the Disposal, the Vendor shall procure the Sale Share be transferred and registered under the name of the Purchaser.

INFORMATION OF THE PARTIES

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.

The Vendor is a company incorporated in the BVI and a wholly-owned subsidiary of the Company. Its principal business is investment holding.

The Purchaser is a company incorporated in Hong Kong with limited liability and is principally engaged in investment management.

INFORMATION OF THE TARGET COMPANY

The Target Company is a company incorporated in the BVI with limited liability and an indirect wholly-owned subsidiary of the Company. The Target Company and Initial Point are principally engaged in investment holding and their principal asset is the equity interests in Chengkai Shiye, which owns the entire equity interest in the Project Company. The Project Company is the project company of the Xianghai Xincheng* (香海新城) development project located at Fuzhou, the PRC. The development project comprises residential and commercial properties with a total saleable area of 965,296 square meters. The financial results of Chengkai Shiye and the Project Company are not consolidated in the accounts of the Target Company or the Company.

As at 31 December 2017, the unaudited total assets and net liabilities of the Target Company were approximately HK\$59 and HK\$66,532, respectively and the Target Company did not record any profit for the years ended 31 December 2016 and 2017.

As at 31 December 2017, the unaudited consolidated total assets and net assets of Chengkai Shiye were approximately RMB5,639,784,000 and RMB48,316,000, respectively.

Set out below is the consolidated net loss (before and after tax) of Chengkai Shiye for the financial years ended 31 December 2016 and 2017:

	For the year ended 31 December 2016 (Unaudited) RMB	For the year ended 31 December 2017 (Unaudited) RMB
Loss before tax	46,383,000	9,124,000
Loss after tax	46,383,000	9,124,000

FINANCIAL IMPACT OF THE DISPOSAL

Subject to the carrying value of the Target Company at the date of the completion of the Disposal, it is expected that the Group would record a gain of approximately RMB108.7 million upon completion of the Disposal, being the difference between the consideration for the Disposal and the costs of investment in respect of the Sale Share. The actual gain or loss in connection with the Disposal will be assessed after the completion of the Disposal and is subject to audit.

Upon completion of the Disposal, the Target Company will cease to be a subsidiary of the Company and its financial results will no longer be consolidated into the Company's financial statements.

REASONS FOR THE DISPOSAL AND THE USE OF PROCEEDS

The Directors consider that the Disposal represents an opportunity for the Company to realise its investment in the Project Company and it is in line with the Group's strategy to focus on the property development operation in the Yangtze River Delta with Shanghai as the center, as well as the first and second-tier core cities in the country.

The Directors expect that the net proceeds from the Disposal, after deducting the relevant expenses, will be approximately RMB176.75 million and such proceeds will be used by the Company as general working capital.

Taking into consideration of the above, the Directors (including the independent non-executive Directors) consider that the terms and conditions of the Share Transfer Agreement are fair and reasonable, on normal commercial terms and in the ordinary and usual course of business of the Group and the Disposal is in the interests of the Company and Shareholders as a whole.

None of the Directors has a material interest in the Share Transfer Agreement and the transactions contemplated thereunder and accordingly, none of them was required to abstain from voting on the Board resolutions for considering and approving the same.

LISTING RULES IMPLICATION

As at the date of this announcement, as the Purchaser holds 40% of the entire issued share capital in Initial Point and thus is a substantial shareholder of Initial Point and the sole shareholder of the Purchaser is a director of Initial Point, the Purchaser is a connected person of the Company at subsidiary level and the entering into of the Share Transfer Agreement and the Disposal will constitute a connected transaction of the Company under Chapter 14A of the Listing Rules.

As the Board has approved the Share Transfer Agreement and the Disposal and the independent non-executive Directors have confirmed that the terms of the Share Transfer Agreement are fair and reasonable and the Disposal contemplated thereunder is on normal commercial terms and in the interests of the Company and the Shareholders as a whole, given that the Purchaser is a connected person at the subsidiary level only, the Share Transfer Agreement and the Disposal are exempt from the circular, independent financial advice and independent Shareholders' approval requirements pursuant to Rule 14A.101 of the Listing Rules.

Since each of the applicable percentage ratios in respect of the Disposal is below 5%, the Disposal does not constitute a notifiable transaction of the Company under Chapter 14 of the Listing Rules.

DEFINITIONS

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

“Board”	the board of Directors
“BVI”	the British Virgin Islands
“Chengkai Shiye”	福州城開實業有限公司 (Fuzhou Chengkai Shiye Company Limited*), a limited liability company established under the laws of the PRC and indirectly owned as to 26.01% by the Target 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 director(s) of the Company
“Disposal”	the disposal of the Sale Share and the assignment of the Outstanding Loans by the Vendor to the Purchaser pursuant to the Share Transfer Agreement
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Initial Point”	Initial Point Investment Limited (起帆投資有限公司), a company incorporated in Hong Kong with limited liability and is owned as to 51% by the Target Company and 40% by the Purchaser
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Outstanding Loans”	the outstanding loans advanced by the Company to (i) the Target Company in the amount of approximately RMB0.05 million and (ii) to Initial Point in the amount of approximately RMB55.95 million
“percentage ratio(s)”	percentage ratio(s) as set out in Rule 14.07 of the Listing Rules to be applied for determining the classification of a transaction
“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)
“Project Company”	福州城開置業有限公司 (Fuzhou Chengkai Zhiye Company Limited*), a limited liability company established under the laws of the PRC
“Purchaser”	Hongkong Ruimin Investment Co, Limited (香港瑞閩投資有限公司), a company incorporated in Hong Kong with limited liability
“RMB”	Renminbi, the lawful currency of the PRC
“Sale Share”	one share in the share capital of the Target Company, being the entire issued share capital of the Target Company
“Shareholder(s)”	the shareholder(s) of the Company

“Share Transfer Agreement”	the agreement dated 17 April 2018 entered into between the Vendor and the Purchaser in relation to the Disposal
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Target Company”	Fine Mark Investment Limited, a company incorporated in the BVI with limited liability and an indirect wholly-owned subsidiary of the Company as at the date of this announcement
“Vendor”	Neo-China Investment Limited, a company incorporated in the BVI with limited liability and a wholly-owned subsidiary of the Company

* *for identification purposes only*

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

Hong Kong, 17 April 2018

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.