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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)

DISCLOSEABLE TRANSACTION LAND RESUMPTION AGREEMENT

The Board announces that the Shanghai Xuhui District government has decided to exercise its power to resume the Land Parcel held by SUD, a subsidiary of the Company. After several rounds of negotiation, the relevant government authorities and SUD entered into the Land Resumption Agreement on 28 September 2018 in accordance with relevant regulations. The Land Resumption Agreement provides that compensation in the amount of RMB449,264,640 shall be payable to SUD for the land resumption.

As one or more of the applicable percentage ratios in respect of the Land Resumption Agreement exceeds 5% but none of such percentage ratios is 25% or above, the Land Resumption Agreement constitutes a discloseable transaction of the Company and is subject to the reporting and announcement requirements, but is exempt from the circular and shareholders' approval requirements under Chapter 14 of the Listing Rules.

BACKGROUND

The Board announces that the Shanghai Xuhui District government has decided to exercise its power to resume the Land Parcel held by SUD, a subsidiary of the Company. After several rounds of negotiation, the relevant government authorities and SUD entered into the Land Resumption Agreement on 28 September 2018 in accordance with relevant regulations.

DETAILS OF THE LAND RESUMPTION AGREEMENT

Date: 28 September 2018

Parties: (1) Shanghai Xuhui District Land Reserve Centre (上海市徐匯區土地儲備中心)

(2) Shanghai Xuhui Land Reserve Co., Ltd. (上海徐匯土地儲備有限公司)

(3) SUD

Compensation amount:	The parties agreed that SUD shall be paid RMB449,264,640 as compensation for the resumption of the Land Parcel.
Payment terms:	20% of the compensation amount shall be payable within ten working days after (i) the signing of the Land Resumption Agreement; and (ii) Shanghai Xuhui Land Reserve Co., Ltd. having received a tax invoice issued by SUD. The balance shall be payable within ten working days after (i) the delivery of the Land Parcel; and (ii) Shanghai Xuhui Land Reserve Co., Ltd. having received a tax invoice issued by SUD.
Delivery of the Land Parcel:	SUD shall deliver vacant possession of the Land Parcel and on an as-is basis on the date of the Land Resumption Agreement.

REASONS FOR AND BENEFITS OF THE LAND RESUMPTION AGREEMENT

The area in which the Land Parcel is located has recently been re-designated from industrial land to rental residential land. In order to accelerate the supply and construction of public rental housing, the Xuhui District government has decided to exercise its power to resume the Land Parcel. Following the completion of the resumption of the Land Parcel, the Company intends to consider participating in the upcoming auction of an adjacent land parcel which will be used for the construction of rental housing. If the acquisition of land constitutes a notifiable transaction of the Company under Chapter 14 of the Listing Rules, the Company will make announcements in compliance with the Listing Rules accordingly.

In accordance with the relevant regulations, SUD as the holder of the Land Parcel is entitled to compensation for the land resumption. The compensation amount was determined after taking into account, among other things, the prevailing market price of comparable land in Shanghai. The Directors are of the view that the amount of compensation and the terms of the Land Resumption Agreement are fair and reasonable and in the interests of the shareholders of the Company as a whole.

FINANCIAL EFFECTS ON THE GROUP

The Land Parcel carried no book value as at 31 December 2017, being the date to which the latest audited financial statements of the Group were made up. As at the date of this announcement, the Land Parcel is vacant, and has been delivered to the Xuhui government in accordance with the Land Resumption Agreement.

The Group expects to record a gain attributable to the owners of the Company on an after-tax basis of approximately RMB198,800,000. Such amount represents the difference between the amount of the compensation that the Group will receive from the resumption less tax payable on such amount at 25% and after deducting the 41% minority interest in SUD. The actual amount of gain is subject to audit and will take into account any costs and expenses incurred relating to the Land Parcel, and accordingly it may be different from the amount stated above.

USE OF PROCEEDS

The compensation amount will be principally applied as the general working capital of the Group.

INFORMATION OF THE PARTIES

SUD is a subsidiary of the Company owned as to 59% by the Company and 41% by Xuhui SASAC. 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 Shanghai Xuhui District Land Reserve Centre is the land reserve authority designated by the government of the Xuhui District, Shanghai. In the PRC, local governments have the power to designate land parcels as land reserve to further objectives such as achieving reasonable use of land resources. Land reserve authorities are responsible for the implementation of land reserve related work, including the acquisition of such land in accordance with law.

Shanghai Xuhui Land Reserve Co., Ltd. is a unit of the Xuhui SASAC engaged by the Shanghai Xuhui District Land Reserve Centre to effect the resumption of the Land Parcel and to pay the compensation in relation to such land resumption on behalf of the Xuhui District government.

To the best of the Directors' knowledge, information and belief after having made all reasonable enquiries, the Shanghai Xuhui District Land Reserve Centre and Shanghai Xuhui Land Reserve Co., Ltd. are PRC governmental bodies as defined under the Listing Rules.

LISTING RULES IMPLICATIONS

As one or more of the applicable percentage ratios in respect of the Land Resumption Agreement exceeds 5% but none of such percentage ratios is 25% or above, the Land Resumption Agreement constitutes a discloseable transaction of the Company and is subject to the reporting and announcement requirements, but is exempt from the circular and shareholders' approval requirements under Chapter 14 of the Listing Rules.

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 (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 of Hong Kong Limited
“Directors”	the directors of the Company
“Group”	the Company together with its subsidiaries
“Land Parcel”	a parcel of land situated at Part 5, Neighbourhood 404, Caohejing Sub-district (漕河涇街道404街坊5丘) with a land area of 34,035.2 square metres, including all buildings and infrastructure on the land
“Land Resumption Agreement”	the land acquisition and reserve compensation agreement (土地收購儲備補償合同), the details of which are set out in the section headed “Details of the Land Resumption Agreement” above
“Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
“PRC”	the People’s Republic of China (excluding, for the purpose of this announcement, Hong Kong, Macau and Taiwan)
“RMB”	Renminbi, the lawful currency of the PRC
“SUD”	Shanghai Urban Development (Holdings) Co., Ltd. (上海城開(集團)有限公司), a sino-foreign equity joint venture company established in the PRC and is indirectly owned by the Company as to 59% and by Xuhui SASAC as to 41%
“Xuhui SASAC”	the State-owned Assets Supervision and Administration Commission of Shanghai Xuhui District, a government authority authorised by and established directly under the Xuhui District government for supervising and managing state-owned assets in the possession of the Xuhui District

In this announcement, the term “subsidiary” has the meaning given to it 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
Zeng Ming
Chairman

Hong Kong, 28 September 2018

As at the date of this announcement, the Board comprises Mr. ZENG Ming, Mr. ZHOU Xiong, Mr. LOU Jun, 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.