

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.



(Stock Code: 363)

DISCLOSEABLE TRANSACTION

DISPOSAL OF ZHUHAI QI'AO ISLAND PROJECT

THE AGREEMENT

Reference is made to the announcement of the Company dated 29 September 2015 in relation to the LOI and the proposed Disposal.

The Board is pleased to announce that on 28 December 2015, the Seller, a wholly owned subsidiary of SIUD (a non-wholly owned subsidiary of the Company listed on the Main Board of the Stock Exchange) and therefore a non-wholly owned subsidiary of the Company, entered into the Agreement with the Purchaser, pursuant to which the Purchaser agreed to: (i) acquire the Sale Share, representing the entire issued share capital of the Target Company; and (ii) assume the Shareholders Loan, for a total consideration of RMB3,100,000,000.

LISTING RULES IMPLICATIONS

Given that one or more of the applicable percentage ratios under Rule 14.07 of the Listing Rules in respect of the Disposal under the Agreement exceed 5% but none of such percentage ratios are 25% or above, the Disposal constitutes a discloseable transaction of the Company, and is subject to the reporting and announcement requirements under Chapter 14 of the Listing Rules.

Reference is made to the announcement of the Company dated 29 September 2015 in relation to the LOI and the proposed Disposal.

The Board is pleased to announce that on 28 December 2015, the Seller, a wholly owned subsidiary of SIUD and therefore a non-wholly owned subsidiary of the Company, entered into the Agreement with the Purchaser, pursuant to which the Purchaser agreed to: (i) acquire the Sale Share, representing the entire issued share capital of the Target Company; and (ii) assume the Shareholders Loan, for a total consideration of RMB3,100,000,000.

THE AGREEMENT

Date

28 December 2015

Parties

Seller: Neo-China Land Group (China) Ltd, a wholly owned subsidiary of SIUD and a non-wholly owned subsidiary of the Company

Purchaser: De Rong Group Limited

The Seller is a company incorporated in the BVI with limited liability. The principal business of the Seller is investment holding.

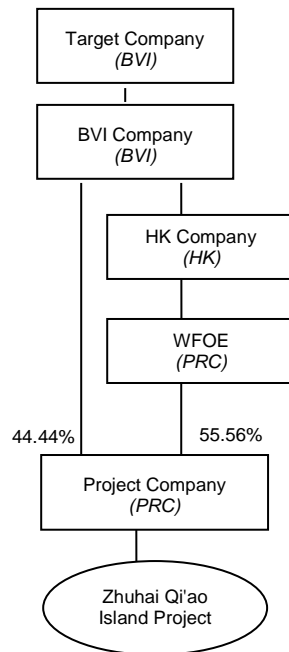
The Purchaser is a company incorporated in the Independent State of Samoa with limited liability. The principal business of the Purchaser is investment holding. To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, the Purchaser and its ultimate beneficial owners are third parties independent of the Company and its connected persons.

Asset disposed of

The asset disposed of is the Sale Share representing the entire issued share capital of the Target Company. The Target Company is an investment holding company incorporated in the BVI with limited liability and was a wholly owned subsidiary of SIUD (and therefore a non-wholly owned subsidiary of the Company) prior to Completion. Its primary assets are the equity interest in the Project Company held through the BVI Company, the HK Company and WFOE. The primary asset of the Project Company is a piece of land located at Qi'ao Island, Zhuhai City (珠海市淇澳島) in the PRC with a gross site area of approximately 2,215,516 square metres, which was intended to be developed by the SIUD Group as a mixed use complex comprising commercial property and residential villas, namely Zhuhai Qi'ao Island Project (珠海淇澳島項目). As at the date of this announcement, construction work for the project has not commenced.

In addition to the Sale Share, the Purchaser also agreed to assume the Shareholders Loan owed by the Target Group to SIUD and its associated companies.

The following diagram illustrates a simplified shareholding structure of the Target Group (unless otherwise stated, each subsidiary is wholly owned directly or indirectly by its holding company):



Conditions precedent and Completion

Pursuant to the Agreement, Completion of the Disposal is subject to the satisfaction of the following conditions:

- (a) the Agreement having been signed by the authorised representatives of the parties;
- (b) the Seller and SIUD having obtained all the requisite board and shareholders' consents and approvals (where applicable), and having complied with all applicable requirements under the Listing Rules or otherwise, in respect of the Disposal; and
- (c) the Seller having completed the state-owned assets evaluation filing for the Disposal.

All of the above conditions had been satisfied and Completion took place immediately following the signing of the Agreement. Following Completion, each of the Target Company, the BVI Company, the HK Company, WFOE and the Project Company ceased to be a subsidiary of the Company.

Consideration

The Total Consideration payable by the Purchaser under the Agreement is RMB3,100,000,000, comprising RMB477,710,000 and approximately HKD3,140,994,000 (being the HKD equivalent of RMB2,622,290,000), which is allocated as follows:

- (a) approximately HKD505,717,000 (being the HKD equivalent of RMB422,202,634) as consideration for the acquisition of the Sale Shares; and
- (b) RMB477,710,000 and approximately HKD2,635,277,000 (being the HKD equivalent of RMB2,200,087,366) as repayment of the Shareholders Loan.

The Total Consideration is payable in cash in two tranches according to the following schedule:

Timing	Amount payable
Upon signing of the Agreement	RMB477,710,000 and not less than approximately HKD505,717,000 (being the HKD equivalent of RMB422,202,634)
Within 180 days from the date of the Agreement	The balance of the Total Consideration (and applicable interest)

On 29 September 2015, SIUD received the Deposit from the Seller following the signing of the LOI. The Deposit was applied to settle part of the first tranche of the Total Consideration. The remainder of the first tranche of the Total Consideration was settled in full in cash at Completion.

The Purchaser is required to pay a daily interest on the balance of the Total Consideration from the date of the Agreement until the Total Consideration is settled in full. For the first 90 days after the date of the Agreement, the daily interest rate shall be the prevailing RMB benchmark lending rate published by the People's Bank of China divided by 365. After the first 90 days after the date of the Agreement, the daily interest rate shall be 0.05%. In the event that the Purchaser fails to fully settle the balance of the Total Consideration within 180 days after the date of the Agreement, the Seller is entitled to terminate the Agreement. The Purchaser has agreed to endeavour to settle the balance of the Total Consideration in full within 90 days from the date of the Agreement.

As security for the payment of the balance of the Total Consideration, the Purchaser also entered into a share charge dated 28 December 2015 in favour of the Seller in respect of the entire issued share capital of the Target Company. The parties have agreed that the issued share capital of the Target Company will be increased after Completion by the Purchaser subscribing for new shares in the Target Company, and following which the Seller will release the share charge in respect of 29% of the enlarged issued share capital of the Target Company. The share charge will be released in full following full payment by the Purchaser of the Total Consideration.

The consideration and the terms of the Agreement were arrived at after arm's length negotiations between the parties based on normal commercial terms with reference to, among other things, the acquisition cost, the book value of the Sale Share and of the Shareholders Loan.

FINANCIAL EFFECTS OF THE DISPOSAL

The unaudited net losses before and after tax and extraordinary items attributable to the Target Company for each of the two years ended 31 December 2013 and 2014 were as follows:

	Unaudited net losses before taxation and extraordinary items <i>RMB'000</i>	Unaudited net losses after taxation and extraordinary items <i>RMB'000</i>
For the year ended 31 December 2013	(5,045)	(5,045)
For the year ended 31 December 2014	(5,795)	(5,795)

Subject to the carrying value of the Target Group at the date of Completion, it is expected that the Group would record an unaudited pre-tax profit of approximately RMB719,086,000 upon Completion of the Disposal.

LEGAL PROCEEDINGS IN RELATION TO THE SIUD GROUP'S ACQUISITION OF THE PROJECT COMPANY

The SIUD Group acquired the Project Company from independent third parties in 2007. The SIUD Group is involved in certain legal proceedings initiated by one of the sellers for outstanding consideration under the original acquisition. Pursuant to the Agreement, the Purchaser undertakes to procure the settlement or withdrawal of such legal proceedings. Subject to the settlement or withdrawal of such legal proceedings, the Seller agrees to bear and pay to the Target Company certain amount in relation thereto.

REASONS FOR AND BENEFITS OF THE DISPOSAL

The Group is principally engaged in the business of infrastructure facilities, real estate and consumer products.

The SIUD 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. During the past few years, the SIUD Group has been in the process of re-aligning its strategy to focus on property development projects in the Yangtze River Delta and prosperous cities, where the SIUD Group has a strong foothold.

The Directors consider that the Disposal represents a good opportunity for the Group to dispose of its property development project that the Group believes no longer fit with its business strategy. In addition, since SIUD has been exploring different ways to unlock the true value of some of its projects that are booked at costs in its financial statements, the Disposal is beneficial to realise part of the hidden value of the Zhuhai Qi'ao Island Project.

The Group intends to use the proceeds from the Disposal to finance its existing property development projects, and potential new projects that may be identified in the future.

The Directors consider that the terms of the Agreement and the Disposal are fair and reasonable and in the interests of the Company and its Shareholders as a whole.

LISTING RULES IMPLICATIONS

Given that one or more of the applicable percentage ratios under Rule 14.07 of the Listing Rules in respect of the Disposal under the Agreement exceed 5% but none of such percentage ratios are 25% or above, the Disposal constitutes a discloseable transaction of the Company, and is subject to the reporting and announcement requirements under Chapter 14 of the Listing Rules.

DEFINITIONS

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

"Agreement"	the agreement dated 28 December 2015 entered into between the Seller and the Purchaser in relation to the Disposal, as amended and supplemented by a supplemental agreement of the same date
"Board"	the board of Directors
"BVI"	the British Virgin Islands
"BVI Company"	Moral Luck Group Limited, a company incorporated in the BVI with limited liability and a wholly owned subsidiary of the Target Company
"Company"	Shanghai Industrial Holdings Limited, a company incorporated in Hong Kong with limited liability, the shares of which are listed on the Main Board of the Stock Exchange (stock code: 363)
"Completion"	completion of the Disposal in accordance with the terms of the Agreement
"connected person"	has the meaning given to it in the Listing Rules
"Deposit"	the deposit of RMB100,000,000 paid on behalf of the Purchaser to the Seller pursuant to the LOI

“Directors”	the directors of the Company
"Disposal"	the sale of the Sale Share by the Seller to the Purchaser under the Agreement
“Group”	the Company and its subsidiaries
“HKD”	Hong Kong dollars, the lawful currency of Hong Kong
“HK Company”	Group Fortune Development Limited, a company incorporated in Hong Kong with limited liability and a wholly owned subsidiary of the Target Company
“Hong Kong”	Hong Kong Special Administrative Region of the PRC
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
"LOI"	a letter of intent dated 29 September 2015 entered into between SIUD and the Purchaser in relation to the Disposal
“PRC”	the People’s Republic of China (excluding, for the purposes of this announcement, Hong Kong, the Macau Special Administrative Region and Taiwan)
"Project Company"	珠海市淇州島影視城有限公司 (Zhuhai City Qi Zhou Island Movie Town Company Limited*), a company incorporated in the PRC with limited liability and a wholly owned subsidiary of the Target Company
"Purchaser"	De Rong Group Limited (德融集團有限公司), a company incorporated in the Independent State of Samoa with limited liability
“RMB”	Renminbi, the lawful currency of the PRC
"Sale Share"	one share in the issued share capital of the Target Company, representing the entire issued share capital of the Target Company
"Seller"	Neo-China Land Group (China) Ltd., a company incorporated in the BVI with limited liability and a non-wholly owned subsidiary of the Company
“Shareholders”	the shareholders of the Company

“Shareholders Loan”	the loans owed by the Target Group to SIUD and its associated companies in an aggregate amount of approximately RMB2,677,800,000
“SIUD”	Shanghai Industrial Urban Development Group Limited, a company incorporated in Bermuda with limited liability, the shares of which are listed on the Main Board of the Stock Exchange (stock code: 563)
“SIUD Group”	SIUD and its subsidiaries
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“subsidiary”	has the meaning given to it in the Listing Rules
"Target Company"	Neo-China Real Estate (Shanghai) Limited, a company incorporated in the BVI and a non-wholly owned subsidiary of the Company prior to Completion
"Target Group"	the Target Company and its subsidiaries
"Total Consideration"	RMB3,100,000,000, comprising RMB477,710,000 and approximately HKD3,140,994,000 (being the HKD equivalent of RMB2,622,290,000), being the total consideration payable by the Purchaser for the Disposal under the Agreement
“USD”	US Dollars, the lawful currency of the United States of America
"WFOE"	北京中新卓越投資顧問有限公司 (Beijing Zhongxin Zhuoyue Investment Consultancy Co., Ltd.*), a foreign investment enterprise established in the PRC and a wholly owned subsidiary of the Target Company

By Order of the Board
Shanghai Industrial Holdings Limited
Yee Foo Hei
Company Secretary

Hong Kong, 28 December 2015

As at the date of this announcement, the Board comprises:

Executive Directors:

Mr. Wang Wei, Mr. Zhou Jie, Mr. Lu Shen, Mr. Zhou Jun and Mr. Xu Bo

Independent non-executive Directors:

*Dr. Lo Ka Shui, Prof. Woo Chia-Wei, Mr. Leung Pak To, Francis and
Mr. Cheng Hoi Chuen, Vincent*

** for identification purpose only*