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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  
ACQUISITION OF EQUITY INTERESTS IN SHANGHAI DONGYI  
PROPERTY**

On 15 October 2021, SIUD Healthcare Management, a wholly-owned subsidiary of the Company, entered into the Equity Transfer Agreement with SIIC VC, Shanghai Huashi, SIIC Dongtan Investment and Shanghai Dongyi Property for the acquisition of equity interests in Shanghai Dongyi Property. Pursuant to the Equity Transfer Agreement, SIIC Dongtan Investment has conditionally agreed to, among others, transfer 40% equity interests in Shanghai Dongyi Property to SIUD Healthcare Management for a cash consideration of approximately RMB48,296,090.

Following completion of the Equity Transfer, the shareholders of Shanghai Dongyi Property will make an aggregate capital contribution of RMB180 million, on a pro-rata basis in accordance with their respective equity interests, to the registered capital of Shanghai Dongyi Property. On this basis, SIUD Healthcare Management will contribute RMB72 million in cash to the registered capital of Shanghai Dongyi Property.

SIIC VC is a wholly-owned subsidiary of SIIC Shanghai. SIIC Shanghai is a subsidiary of SIIC (being a controlling shareholder of the Company) by virtue of SIIC being the representative authorised to exercise state-owned shareholder's right over SIIC Shanghai. Shanghai Huashi is a wholly-owned subsidiary of Shanghai Pharmaceutical (Group). Shanghai Pharmaceutical (Group) is a subsidiary of SIIC. SIIC Dongtan Investment is a wholly-owned subsidiary of SIIC Shanghai. Shanghai Dongyi Property is a wholly-owned subsidiary of SIIC Dongtan Investment. As such, each of SIIC VC, Shanghai Huashi, SIIC Dongtan Investment and Shanghai Dongyi Property is an associate of SIIC, and hence a connected person of the Company. The transactions contemplated under the Equity Transfer Agreement constitute a connected transaction of the Company under the Listing Rules.

As one or more of the applicable percentage ratios exceed 0.1% but all of them are less than 5%, the proposed transactions under the Equity Transfer Agreement are subject to the reporting and announcement requirements but are exempt from the circular and independent shareholders' approval requirements pursuant to Chapter 14A of the Listing Rules.

## **THE EQUITY TRANSFER AGREEMENT**

The Board announces that on 15 October 2021, SIUD Healthcare Management, a wholly-owned subsidiary of the Company, entered into the Equity Transfer Agreement for the acquisition of certain equity interests in Shanghai Dongyi Property. The principal terms of the Equity Transfer Agreement are summarised as follows:

### **Date**

15 October 2021

### **Parties**

- (1) SIUD Healthcare Management (as a transferee);
- (2) SIIC VC (as a transferee);
- (3) Shanghai Huashi (as a transferee);
- (4) SIIC Dongtan Investment (as the transferor); and
- (5) Shanghai Dongyi Property (as the target).

SIIC VC is a wholly-owned subsidiary of SIIC Shanghai. SIIC Shanghai is a subsidiary of SIIC (being a controlling shareholder of the Company) by virtue of SIIC being the representative authorised to exercise state-owned shareholder's right over SIIC Shanghai.

Shanghai Huashi is a wholly-owned subsidiary of Shanghai Pharmaceutical (Group). Shanghai Pharmaceutical (Group) is a subsidiary of SIIC.

SIIC Dongtan Investment is a wholly-owned subsidiary of SIIC Shanghai.

Shanghai Dongyi Property is a wholly-owned subsidiary of SIIC Dongtan Investment.

As such, each of SIIC VC, Shanghai Huashi, SIIC Dongtan Investment and Shanghai Dongyi Property is an associate of SIIC, and hence a connected person of the Company.

## Equity Transfer

Pursuant to the Equity Transfer Agreement, SIIC Dongtan Investment has conditionally agreed to transfer certain equity interests in Shanghai Dongyi Property to the Transferees as follows:

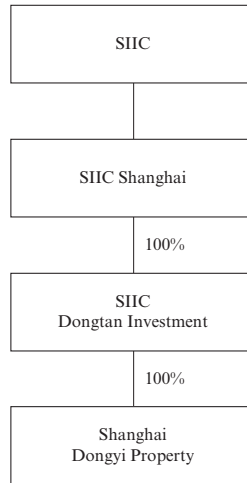
<b>Transferee</b>	<b>Consideration payable to SIIC Dongtan Investment (RMB'000)</b>	<b>% of equity interest in Shanghai Dongyi Property</b>
SIUD Healthcare Management	48,296.09	40%
SIIC VC	24,148.05	20%
Shanghai Huashi	12,074.02	10%

The consideration of the Equity Transfer was determined by SIIC Dongtan Investment and the Transferees after arm's length negotiation with reference to, among other things, (i) the valuation of 100% equity interest in Shanghai Dongyi Property; (ii) the development progress of Shanghai Dongyi Property's Project; and (iii) reasons for the Equity Transfer as stated under the section headed "Reasons for and benefits of the Equity Transfer" below.

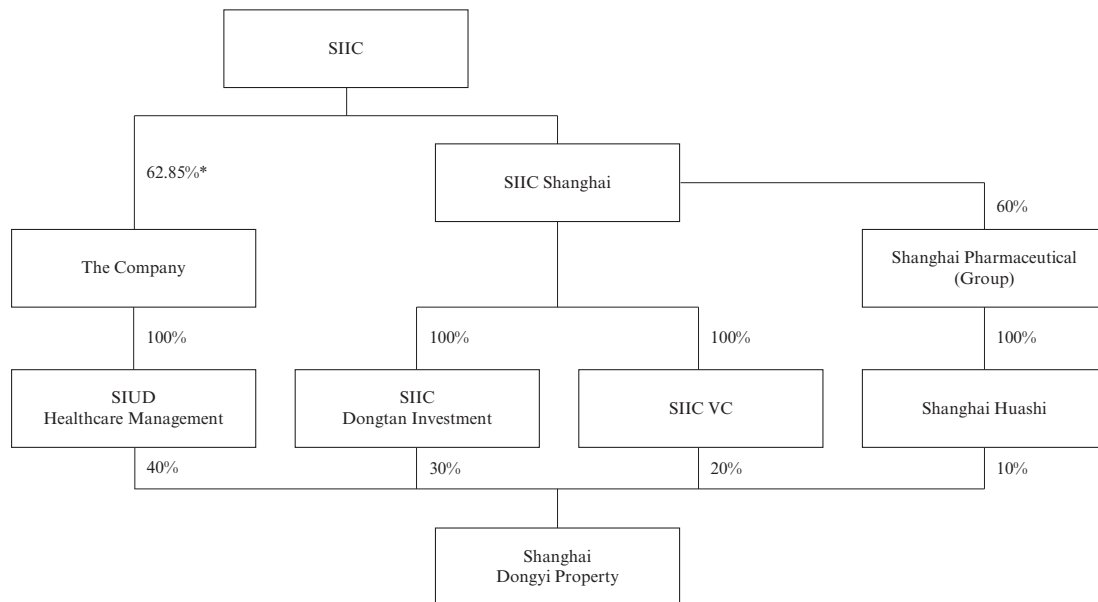
As Shanghai Dongyi Property was established by SIIC Dongtan Investment, and was not acquired from a third party, there is no original acquisition cost for the equity interest in Shanghai Dongyi Property. SIUD Healthcare Management intends to settle the consideration in cash using its internal resources.

The following charts illustrate a simplified shareholding of Shanghai Dongyi Property as at the date of this announcement and immediately following completion of the Equity Transfer, respectively:

**As at the date of this announcement**



**Immediately following completion of the Equity Transfer**



*Note:*

\* *SIIC's interest in the Company is held indirectly through various subsidiaries. For reference, the Company is held indirectly by SIIC as to 62.85% as at the date of this announcement.*

## **Conditions Precedent**

Completion of the Equity Transfer is conditional upon the satisfaction or, if applicable, waiver of a number of conditions including but without limitation the following:

- (a) Shanghai Dongyi Property and each of the Transferees having obtained all required internal approvals in relation to the Equity Transfer, including the resolutions to be approved by each of the board of directors of Shanghai Dongyi Property and each of the Transferees and SIIC Dongtan Investment as a shareholder of Shanghai Dongyi Property;
- (b) Shanghai Dongyi Property having obtained the relevant immovable property certificate in respect of the land where the Project is located;
- (c) SIIC Dongtan Investment having obtained all relevant governmental and regulatory approvals in respect of the Equity Transfer;
- (d) all the relevant transaction documents in respect of the Equity Transfer including the Equity Transfer Agreement and a set of amended articles of association of Shanghai Dongyi Property having been executed and become effective; and
- (e) there having been no material breach of contract or material adverse change to Shanghai Dongyi Property and SIIC Dongtan Investment as of the date of completion of the Equity Transfer.

The Transferees may at any time waive any of the above conditions.

## **Completion**

Completion of the Equity Transfer is scheduled to take place at such time and date as the parties may agree in writing following the satisfaction or waiver (as the case may be) of all conditions to the Equity Transfer.

## **Capital Contribution**

Following completion of the Equity Transfer, SIIC Dongtan Investment and the Transferees will make an aggregate capital contribution of RMB180 million, on a pro-rata basis in accordance with their respective equity interests, to the registered capital of Shanghai Dongyi Property for funding ongoing development of the Project. On this basis, SIUD Healthcare Management will contribute RMB72 million in cash to the registered capital of Shanghai Dongyi Property. Immediately after completion of the capital contributions, the registered capital of Shanghai Dongyi Property will be increased from RMB120 million to RMB300 million. SIUD Healthcare Management intends to settle the Capital Contribution of RMB72 million in full in cash using its internal resources.

## **Governance of Shanghai Dongyi Property**

Following completion of the Equity Transfer, it is agreed that the board of directors of Shanghai Dongyi Property will consist of seven directors, among which SIUD Healthcare Management is entitled to nominate three directors and each of SIIC Dongtan Investment and Shanghai Huashi is entitled to nominate two directors. Among the three supervisors of Shanghai Dongyi Property, each of SIUD Healthcare Management and SIIC VC has the right to nominate one supervisor while the other one supervisor will be taken up by the staff representative.

## **REASONS FOR AND BENEFITS OF THE EQUITY TRANSFER**

The Group has been exploring opportunities to expand into the great health care industry in the PRC in view of its potential market prospects. The Group has begun initiatives on venturing into the great health industry since the second half of 2020 which includes the participation in a joint venture by SIUD Healthcare Management to develop and operate a medical beauty institution in Shanghai as disclosed in the announcement of the Company dated 30 October 2020. Shanghai Dongyi Property is the developer of the Project, which is the proposed construction of a sanatorium on a piece of land it owns in the Chongming district in Shanghai. The Company considers that the Equity Transfer provides the Group with an excellent opportunity to further its expansion plan in the great health industry and is in line with the business development strategy of the Group.

The Directors (including the independent non-executive Directors) are of the view that the terms of the Equity Transfer Agreement are fair and reasonable and the entering into of the Equity Transfer Agreement is in the interests of the Company and its shareholders as a whole.

## **INFORMATION OF THE GROUP**

The Company is a public company incorporated in Bermuda as an exempt company with limited liability, and is an investment holding company. The principal activities of the Group are residential and commercial properties development, property investment and hotel operations in the PRC.

## **INFORMATION OF THE PARTIES**

SIUD Healthcare Management is a company established in the PRC with limited liability and a wholly-owned subsidiary of the Company. It is principally engaged in real estate development and operation, technology development, provision of medical and health technology consulting services, corporate management, property management and other related services.

SIIC VC is a company established in the PRC with limited liability and a wholly-owned subsidiary of SIIC Shanghai. It is principally engaged in real estate development, real estate operation and management, and provision of consulting services in relation to real estate business.

Shanghai Huashi is a company established in the PRC with limited liability and a wholly-owned subsidiary of Shanghai Pharmaceutical (Group). It is principally engaged in real estate development and investment, industrial investment, asset management, economic information consulting, pharmaceutical technology development, financial consulting and other related technological and financial services.

## INFORMATION OF SHANGHAI DONGYI PROPERTY

Shanghai Dongyi Property is a limited liability company established in the PRC. As at the date of this announcement, it is a wholly-owned subsidiary of SIIC Dongtan Investment. Shanghai Dongyi Property owns the land use rights to a piece of land with a site area of approximately 77,966 sq.m. located in the Chongming district in Shanghai. Shanghai Dongyi Property proposes to construct a sanatorium on the site. The Project is expected to involve the construction of certain new buildings with a total construction area of approximately 44,943 square metres and the restoration of certain existing buildings located on the site. Shanghai Dongyi Property is responsible for all the funding required for the construction of the Project.

The table below sets out certain audited consolidated financial information of Shanghai Dongyi Property for the years ended 31 December 2019 and 2020:

	<b>For the year ended 31 December</b>	
	<b>2019</b>	<b>2020</b>
	<i>(RMB)</i>	<i>(RMB)</i>
Revenue	—	—
Profit before taxation and extraordinary items	16,607	18,471
Profit after taxation and extraordinary items	13,371	17,547

The audited consolidated net asset value of Shanghai Dongyi Property as at 30 April 2021 was approximately RMB120,216,467.

## LISTING RULES IMPLICATIONS

SIIC VC is a wholly-owned subsidiary of SIIC Shanghai. SIIC Shanghai is a subsidiary of SIIC (being a controlling shareholder of the Company) by virtue of SIIC being the representative authorised to exercise state-owned shareholder's right over SIIC Shanghai. Shanghai Huashi is a wholly-owned subsidiary of Shanghai Pharmaceutical (Group). Shanghai Pharmaceutical (Group) is a subsidiary of SIIC. SIIC Dongtan Investment is a wholly-owned subsidiary of SIIC Shanghai. Shanghai Dongyi Property is a wholly-owned subsidiary of SIIC Dongtan Investment. As such, each of SIIC VC,

Shanghai Huashi, SIIC Dongtan Investment and Shanghai Dongyi Property is an associate of SIIC, and hence a connected person of the Company. The transactions contemplated under the Equity Transfer Agreement constitute a connected transaction of the Company under the Listing Rules.

As one or more of the applicable percentage ratios exceed 0.1% but all of them are less than 5%, the proposed transactions under the Equity Transfer Agreement (including the Equity Transfer and the Capital Contribution) are subject to the reporting and announcement requirements but are exempt from the circular and independent shareholders' approval requirements pursuant to Chapter 14A of the Listing Rules.

None of the Directors has any material interest in the proposed Equity Transfer and thus no Director was required to abstain from voting on the Board resolutions approving the Equity Transfer Agreement and the transactions contemplated thereunder. Nevertheless, Mr. Huang Haiping and Mr. Tang Jun, each a director of SIIC Dongtan Investment, voluntarily abstained from voting on the Board resolutions approving the Equity Transfer Agreement and the transactions thereunder.

## **DEFINITIONS**

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

“Board”	the board of Directors
“Capital Contribution”	the expected capital contribution of RMB72 million by SIUD Healthcare Management to the registered capital of Shanghai Dongyi Property
“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
“Directors”	the directors of the Company
“Equity Transfer”	the transfer of an aggregate of 70% equity interest in Shanghai Dongyi Property pursuant to the Equity Transfer Agreement
“Equity Transfer Agreement”	the equity transfer agreement in relation entered into among the Transferees, SIIC Dongtan Investment and Shanghai Dongyi Property dated 15 October 2021
“Group”	the Company together with 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 of Hong Kong Limited
“PRC”	the People’s Republic of China (excluding, for the purpose of this announcement, Hong Kong, the Macao Special Administrative Region of the PRC and Taiwan)
“Project”	the construction of a sanatorium on the designated site in Shanghai owned by Shanghai Dongyi Property
“Shanghai Dongyi Property”	Shanghai Dongyi Property Co., Ltd. (上海東頤置業有限公司), a company incorporated in the PRC with limited liability and a wholly-owned subsidiary of SIIC Dongtan Investment
“Shanghai Huashi”	上海華氏資產經營有限公司 (Shanghai Huashi Asset Management Co., Ltd.), a company incorporated in the PRC with limited liability and a wholly-owned subsidiary of Shanghai Pharmaceutical (Group)
“Shanghai Pharmaceutical (Group)”	上海醫藥(集團)有限公司 (Shanghai Pharmaceutical (Group) Co., Ltd.), a company incorporated in the PRC with limited liability and a 60%-owned subsidiary of SIIC Shanghai. The remaining 40% equity interest of Shanghai Pharmaceutical (Group) is held by 中國華源集團有限公司 (China Worldbest Group Company Limited), whose ultimate beneficial owners, to the best of the Directors’ knowledge, information and belief having made all reasonable enquiry, are third parties independent of the Company and its connected persons
“SIIC”	上海實業(集團)有限公司 (Shanghai Industrial Investment (Holdings) Company Limited), a company incorporated in Hong Kong with limited liability and a controlling shareholder of the Company
“SIIC Dongtan Investment”	上海實業東灘投資開發(集團)有限公司 (SIIC Dongtan Investment & Development (Holdings) Co., Ltd.), a company incorporated in the PRC with limited liability and a wholly-owned subsidiary of SIIC Shanghai
“SIIC Shanghai”	上海上實(集團)有限公司 (SIIC Shanghai Holdings Co., Ltd.), a company established in the PRC with limited liability and which is controlled by SIIC as the authorised representative exercising state-owned shareholder’s right over it

“SIIC VC”	上海上實創業投資有限公司 (SIIC Shanghai Venture Capital Co., Ltd.), a company established in the PRC with limited liability and a wholly-owned subsidiary of SIIC Shanghai
“SIUD Healthcare Management”	上實城開(上海)大健康管理有限公司 (Shanghai Industrial Urban Development (Shanghai) Healthcare Management Co., Ltd.), a company established in the PRC with limited liability and an indirect wholly-owned subsidiary of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Transferees”	SIUD Healthcare Management, SIIC VC and Shanghai Huashi

*In this announcement, the terms “associate”, “connected person”, “controlling shareholder” and “subsidiary” 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**  
**Huang Haiping**  
*Chairman*

Hong Kong, 15 October 2021

*As at the date of this announcement, the Board comprises Mr. Huang Haiping, Mr. Tang Jun, Mr. Lou Jun, Mr. Ye Weiqi 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.*