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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  
DISPOSAL OF THE ENTIRE INTEREST IN  
WELL KINGDOM INVESTMENT LTD.**

Reference is made to the announcement of the Company dated 6 August 2014 in relation to the disposal of the entire interest in the Target.

As disclosed in the Announcement, the Company entered into the Framework Agreement with Bosera Capital (namely the Purchaser as defined in the Announcement), the Project Company, Zhongzhi BJ (a wholly-owned subsidiary of the Company), Lixing (a wholly-owned subsidiary of the Company) and Minmetals, pursuant to which, inter alia, the Seller (a wholly-owned subsidiary of the Company) agreed to sell the Sale Share to Bosera Capital, upon completion of the Restructuring Exercise, at a consideration of RMB366,000,000 (equivalent to approximately HKD460,030,000).

The Board wishes to announce that the Restructuring Exercise has been completed as at the date of this announcement.

**SUPPLEMENTAL FRAMEWORK AGREEMENT TO THE FRAMEWORK AGREEMENT**

On 12 December 2014, the Company entered into the Supplemental Framework Agreement with the other parties to the Framework Agreement, as well as the New Purchaser, pursuant to which, among other things, Bosera Capital agreed to assign its rights and obligations under the Framework Agreement to the New Purchaser and the New Purchaser agreed to be the purchaser of the Sale Share in place of Bosera Capital.

**SALE AND PURCHASE AGREEMENT**

Further to the signing of the Supplemental Framework Agreement, on 12 December 2014, the Seller (being a wholly-owned subsidiary of the Company) entered into the Sale and Purchase Agreement with the New Purchaser and Minmetals, pursuant to which, inter alia, (i) the Seller will sell the Sale Share to the New Purchaser at a consideration of an amount in US dollars equivalent to RMB366,000,000; and (ii) as stipulated under the Supplemental Framework Agreement, the New Purchaser will pay Minmetals a sum of RMB734,000,000, to contribute towards its agreed share of the costs which Minmetals had incurred, as an incoming 40% joint venture party of the Project Company.

Same as disclosed in the Announcement, the Disposal constitutes a discloseable transaction of the Company under Chapter 14 of the Listing Rules subject to the disclosure and reporting requirements.

## INTRODUCTION

Reference is made to the announcement of the Company dated 6 August 2014 in relation to the disposal of the entire interest in the Target.

As disclosed in the Announcement, the Company entered into the Framework Agreement with Bosera Capital (namely the Purchaser as defined in the Announcement), the Project Company, Zhongzhi BJ (a wholly-owned subsidiary of the Company), Lixing (a wholly-owned subsidiary of the Company) and Minmetals, pursuant to which, inter alia, the Seller (a wholly-owned subsidiary of the Company) agreed to sell the Sale Share to Bosera Capital, upon completion of the Restructuring Exercise, at a consideration of RMB366,000,000 (equivalent to approximately HKD460,030,000).

The Board wishes to announce that the Restructuring Exercise has been completed as at the date of this announcement.

## SUPPLEMENTAL FRAMEWORK AGREEMENT TO THE FRAMEWORK AGREEMENT

On 12 December 2014, the Company entered into a supplemental framework agreement to the Framework Agreement (the “**Supplemental Framework Agreement**”) with the other parties to the Framework Agreement, as well as the New Purchaser, pursuant to which, among other things, Bosera Capital agreed to assign its rights and obligations under the Framework Agreement to the New Purchaser and the New Purchaser agreed to be the purchaser of the Sale Share in place of Bosera Capital.

According to the Supplemental Framework Agreement, the parties agreed on, among other things, the following corresponding changes to the Framework Agreement:

	<b>Relevant provisions in the Framework Agreement (as disclosed in the Announcement)</b>	<b>Corresponding provisions in the Supplemental Framework Agreement</b>
(i)	The Company’s undertaking that it will ensure that the Restructuring Exercise is completed within 60 days from the signing of the Framework Agreement.	The parties (including the New Purchaser) acknowledged that the Restructuring Exercise has been completed as of the date of the Supplemental Framework Agreement.

	<b>Relevant provisions in the Framework Agreement (as disclosed in the Announcement)</b>	<b>Corresponding provisions in the Supplemental Framework Agreement</b>
(ii)	Bosera Capital shall complete the due diligence exercise on each of the Seller, the Target, Lixing and the Project Company no later than 25 business days following the date the Company confirms in writing that the Restructuring Exercise has been completed (or such date as may be agreed among the parties).	Upon signing of the Supplemental Framework Agreement, the New Purchaser shall issue a written notice to the Company and the Seller to request for the signing of the Sale and Purchase Agreement.
(iii)	Within two business days of Bosera Capital (or such date as may be agreed between the Seller and Bosera Capital) having completed and been satisfied with the results of the due diligence exercise, the Seller and Bosera Capital shall enter into the sale and purchase agreement for the disposal of the Sale Share.	
(iv)	Completion of the disposal of the Sale Share shall take place within 11 business days following the signing of the sale and purchase agreement.	Completion of the disposal of the Sale Share shall take place within seven business days following the signing of the Sale and Purchase Agreement.
(v)	Bosera Capital shall pay the Company (or any of its nominees) the consideration of RMB366,000,000 on the date of completion of the disposal of the Sale Share.	The New Purchaser shall pay the Seller (being a wholly-owned subsidiary of the Company) the same consideration of RMB366,000,000 on the date of completion of the Disposal.
(vi)	Bosera Capital shall pay Minmetals a sum of RMB734,000,000 to contribute towards its agreed share of the costs which Minmetals had incurred, as an incoming 40% joint venture party of the Project Company.	The New Purchaser (or its nominee) shall pay Minmetals the same amount.

Under the Supplemental Framework Agreement, any agreement entered into between the Company and Minmetals in relation to the Project will be terminated upon completion of the Disposal.

## **SALE AND PURCHASE AGREEMENT**

Further to the signing of the Supplemental Framework Agreement, on 12 December 2014, the Seller (being a wholly-owned subsidiary of the Company) entered into the Sale and Purchase Agreement with the New Purchaser and Minmetals, pursuant to which, inter alia, (i) the Seller shall sell the Sale Share to the New Purchaser at a consideration of an amount in US dollars equivalent to RMB366,000,000; and (ii) as stipulated under the Supplemental Framework Agreement, the New Purchaser shall pay Minmetals a sum of RMB734,000,000 to contribute towards its agreed share of the costs which Minmetals had incurred, as an incoming 40% joint venture party of the Project Company.

### **Conditions precedent**

Pursuant to the Sale and Purchase Agreement, the completion of the Disposal is conditional upon the fulfilment (or, where applicable, waiver) of the following conditions precedent:

- (i) all the Seller's warranties remain true, accurate and not misleading;
- (ii) all the Purchaser's warranties remain true, accurate and not misleading;
- (iii) no decision or order has been made by any governmental authority, regulatory authority, court or other judicial authority, which would render the Sale and Purchase Agreement and/or the transactions contemplated thereunder void, unenforceable or illegal; and
- (iv) no event occurred (other than any force majeure event) that has or would reasonably be expected to have a material adverse effect on the financial conditions of the Target and Lixing.

Pursuant to the Sale and Purchase Agreement, the parties thereto shall use their best endeavours to procure the fulfilment (or, where applicable, waiver) of the abovementioned conditions precedent on or before the date of completion of the Disposal (as described below). In the event that the conditions precedent are not fulfilled or waived on the proposed date of completion of the Disposal, such completion date shall be postponed by one business day until all of the conditions precedent are fulfilled or waived. None of the parties shall be responsible for any obligations under the Sale and Purchase Agreement (without prejudice to any rights that have been accrued) prior to the fulfilment (or, where applicable, waiver) of the conditions precedent.

### **Completion**

Subject to the terms of the Sale and Purchase Agreement, the completion of the Disposal will take place within seven business days following the signing of the Sale and Purchase Agreement, or such other dates as agreed by the parties thereto.

## **Repayment of shareholders' loans**

Within seven business days following the completion of the Disposal or once the resignation letter (confirming that the Target will be released from its obligations as a guarantor under the facilities agreement entered into between the Company and certain banks on 10 July 2014, details of which are disclosed in the announcement of the Company dated 10 July 2014) issued by Wing Lung Bank Limited has been received (whichever is later), the Project Company shall repay the Loans to Tianjin Kaijin and Zhongzhi BJ in the amount of RMB40,886,000 and RMB27,184,000, respectively, according to the Sale and Purchase Agreement.

## **INFORMATION ON THE NEW PURCHASER**

The New Purchaser is a company incorporated in the British Virgin Islands with limited liability. The New Purchaser is a wholly-owned subsidiary of Sino-Ocean Land 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. The principal business activity of the New Purchaser is investment holding. The New Purchaser Group is one of the leading property developers with developments in key economic regions in the PRC and actively accomplishing the New Purchaser Group's national strategic plan with a coastal and riparian focus. The New Purchaser Group focuses on developing mid-to-high end residential properties, high-end office premises and retail properties.

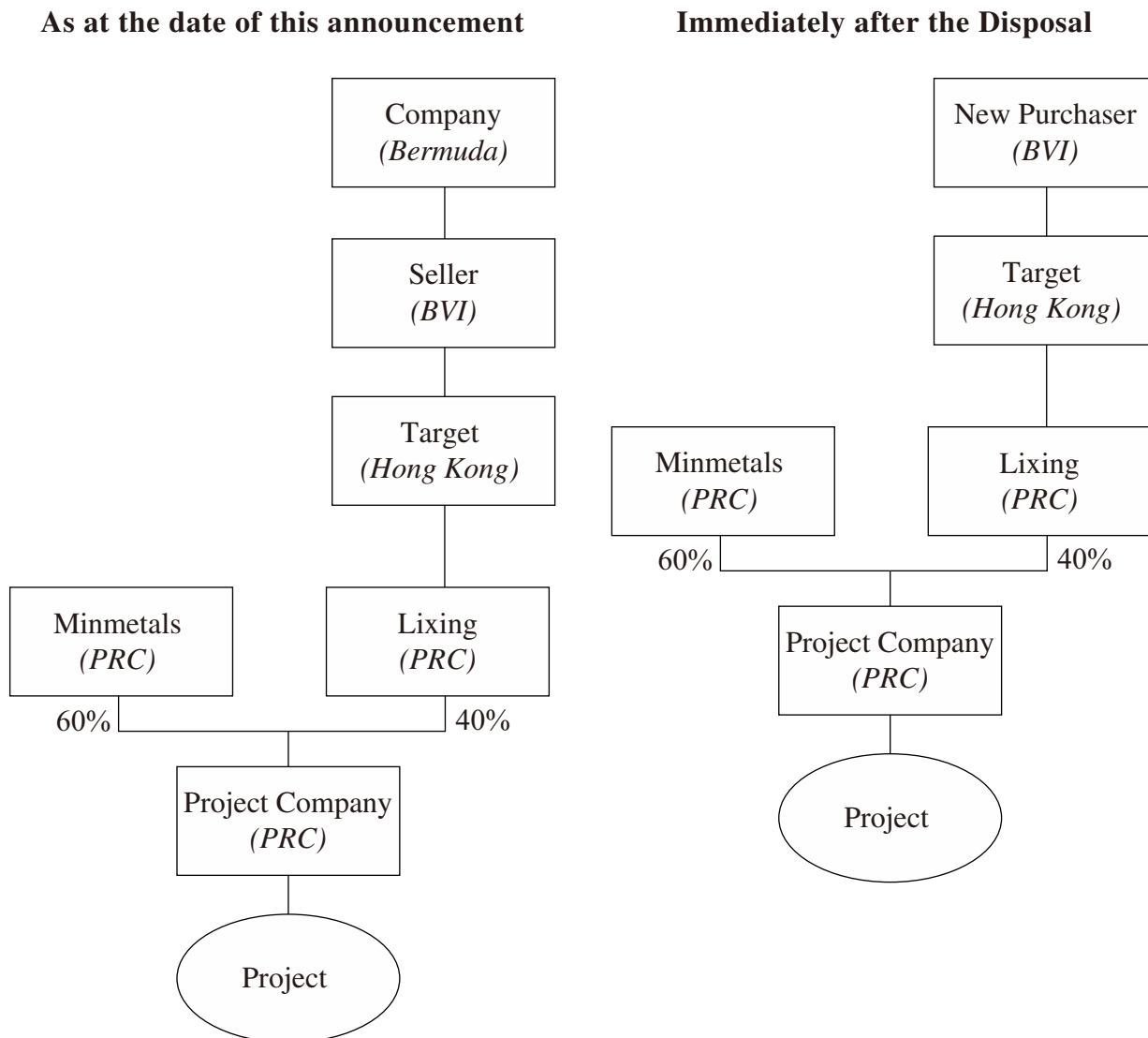
The Directors confirm that, to the best of their knowledge, information and belief, having made all reasonable enquiries, the New Purchaser and its ultimate beneficial owners are third parties independent of the Company and its connected persons.

## **FINANCIAL EFFECTS OF THE DISPOSAL**

It is expected that upon completion of the Disposal, the Company will record an estimated gain before tax of approximately RMB109,179,000 (equivalent to approximately HKD137,228,000), being the difference between the purchase consideration of RMB366,000,000 (equivalent to approximately HKD460,030,000) and the book value of the Company's investment in the Project Company as at 30 June 2014 of RMB256,821,000 (equivalent to approximately HKD322,802,000). The actual gain or loss to be recorded by the Company is subject to audit.

## SHAREHOLDING STRUCTURE OF THE PROJECT COMPANY

The following diagrams illustrate the shareholding structure of the Project Company as at the date of this announcement and immediately after completion of the Disposal (unless otherwise specified, each subsidiary is 100%, directly or indirectly, owned by its holdings company).



## REASONS FOR AND BENEFIT OF THE SUPPLEMENTAL FRAMEWORK AGREEMENT AND THE SALE AND PURCHASE AGREEMENT

As disclosed in the Announcement, the Directors consider that the disposal of the Sale Share represents a good opportunity for the Group to realise its investment in the Project Company and enhance its cash position, and that it will enable the Group to free up capital for its operations and any potential new investment opportunities that might arise in the future. The purpose of the Supplemental Framework Agreement is to facilitate the substitution of the New Purchaser in place of Bosera Capital as the purchaser of the Sale Share at substantially the same terms (including the same consideration), while the Sale and Purchase Agreement is to implement the Disposal. Taking into consideration the aforesaid, the Directors (including the independent non-executive Directors) consider that the terms of the Supplemental Framework

Agreement, the Sale and Purchase Agreement and the transactions contemplated thereunder are fair and reasonable and in the interests of the Company and its shareholders as a whole.

Same as disclosed in the Announcement, the Disposal constitutes a discloseable transaction of the Company under Chapter 14 of the Listing Rules subject to the disclosure and reporting requirements.

For further information about the Restructuring Exercise, the Project Company, the basis of determining the consideration and the financial information of the Project Company, please refer to the Announcement.

## **DEFINITIONS**

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

“Announcement”	the announcement of the Company dated 6 August 2014 in relation to the disposal of the entire interest in the Target
“Board”	the board of Directors
“Bosera Capital”	博時資本管理有限公司 (Bosera Capital Management Co., Ltd.), a company established under the laws of the PRC (being the Purchaser as defined in the Announcement)
“Company”	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
“Contribution”	a payment of RMB734,000,000 to be made by the New Purchaser to Minmetals to contribute to its agreed share of the costs incurred by Minmetals for the Project, in accordance to the Framework Agreement, the Supplemental Framework Agreement and the Sale and Purchase Agreement
“Directors”	directors of the Company
“Disposal”	the sale by the Seller of the Sale Share to the New Purchaser subject to and upon the terms and conditions of the Framework Agreement, the Supplemental Framework Agreement and the Sale and Purchase Agreement



“Framework Agreement”	the agreement dated 6 August 2014 entered into among the Company, Bosera Capital, Zhongzhi BJ, Lixing, the Project Company and Minmetals relating to, among other things, the disposal of the Sale Share, the Restructuring Exercise and the Contribution, the details of which are disclosed in the announcement dated 6 August 2014
“Group”	the Company and its subsidiaries
“HKD”	Hong Kong dollars, the lawful currency of the Hong Kong Special Administrative Region of PRC
“Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
“Lixing”	上海雅閣麗星裝飾有限公司 (Shanghai Yage Lixing Zhuangshi Co., Ltd.), a company established under the laws of the PRC, which holds a 40% equity interest in the Project Company as at the date of this announcement
“Minmetals”	五礦置業有限公司 (Minmetals Real Estate Co., Ltd.), a company established under the laws of the PRC, which holds a 60% equity interest in the Project Company as at the date of this announcement
“New Purchaser”	Rise Success Group Limited (昇業集團有限公司), a company incorporated in the British Virgin Islands with limited liability
“New Purchaser Group”	the New Purchaser, its holding company (namely Sino-Ocean Land Holdings Limited) and its holding company’s subsidiaries
“Restructuring Exercise”	the restructuring exercise undertaken by the Company and certain of its subsidiaries in accordance with the terms and conditions of the Framework Agreement and as described in the Announcement
“RMB”	Renminbi, the lawful currency of the PRC
“PRC”	the People’s Republic of China
“Project”	天津市北辰區宜興埠項目 (the Tianjin Beichen Yixingbu project), a property development project located in Tianjin, the PRC
“Project Company”	天津市億嘉合置業有限公司 (Tianjin Yijiahe Real Estate Co., Ltd.), a company established under the laws of the PRC and the developer of the Project



“Sale and Purchase Agreement”	the agreement dated 12 December 2014 entered into between the Seller, the New Purchaser and Minmetal relating to the sale and purchase of the Sale Share
“Sale Share”	one issued share of the Target, representing the entire issued share capital of the Target
“Seller”	Wah Po Holding Ltd., a company incorporated in the British Virgin Islands with limited liability and a wholly-owned subsidiary of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Target”	Well Kingdom Investment Ltd., a company incorporated in Hong Kong with limited liability
“Tianjin Kaijin”	天津凱津房地產開發有限公司 (Tianjin Kaijin Real Estate Development Co., Ltd.), a company established under the laws of the PRC and a wholly-owned subsidiary of the Company
“US Dollars”	United States dollars, the lawful currency of the United States of America
“Zhongzhi BJ”	中置(北京)企業管理有限公司 (Zhongzhi (Beijing) Enterprise Management Co., Ltd.), a wholly-owned foreign enterprise established under the laws of the PRC and a wholly-owned subsidiary of the Company

*English translations for the Chinese names of the PRC entities, authorities or facilities in this announcement are for reference only. In the event of any discrepancies between the Chinese names of these PRC entities, authorities or facilities and their respective English translations, the Chinese version shall prevail.*

By order of the Board  
**Shanghai Industrial Urban Development Group Limited**  
**Ni Jianda**  
*Chairman*

Hong Kong, 12 December 2014

*As at the date of this announcement, the board of Directors comprises Mr. Ni Jianda, Mr. Ji Gang, Mr. Zhou Jun, Mr. Yang Jianwei, Mr. Yang Biao, Ms. Huang Fei and Mr. Ye Weiqi as executive Directors and Mr. Doo Wai-Hoi, William, J.P., Dr. Wong Ying Ho, Kennedy, BBS, J.P., Mr. Fan Ren Da, Anthony and Mr. Li Ka Fai, David as independent non-executive Directors.*