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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
BOLD EAGLE INVESTMENT LTD.**

DISPOSAL OF BOLD EAGLE INVESTMENT LTD.

The Board is pleased to announce that on 10 February 2015, the Seller, a wholly-owned subsidiary of the Company, entered into the Share Transfer Agreement with the Purchaser and the Guarantor, pursuant to which the Purchaser has agreed to acquire the Sale Shares, representing the entire issued share capital of the Target Company. Under the Share Transfer Agreement, the Purchaser has further agreed to (i) pay an amount equal to the Intra-Group Loan, being approximately RMB18.6 million in the aggregate, as settlement of such loans owed by the Target Group to the Company and its associated companies; and (ii) pay an amount equal to the Beijing Xinsong Loan, being RMB465.0 million, as settlement of such loan owed by the Target Group to the Group. The Total Consideration payable by the Purchaser for the Disposal under the Share Transfer Agreement is RMB940.0 million.

LISTING RULES IMPLICATIONS

As one of the applicable percentage ratios under Rule 14.07 of the Listing Rules in respect of the Disposal exceeds 5% but none of such percentage ratios is 25% or above, the transactions contemplated under the Share Transfer Agreement constitute a discloseable transaction of the Company and are therefore subject to the requirements of reporting and announcement pursuant to Chapter 14 of the Listing Rules.

The Board is pleased to announce that on 10 February 2015, the Seller, a wholly-owned subsidiary of the Company, entered into the Share Transfer Agreement with the Purchaser and the Guarantor, pursuant to which, inter alia, the Purchaser has agreed to acquire the Sale Shares, representing the entire issued share capital of the Target Company. Under the Share Transfer Agreement, the Purchaser has further agreed to (i) pay an amount equal to the Intra-Group Loan, being approximately RMB18.6 million in the aggregate, as settlement of such loans owed by the Target Group to the Company and its associated companies; and (ii) pay an amount equal to the Beijing Xinsong Loan, being RMB465.0 million, as settlement of such loan owed by the Target Group to the Group. The Total Consideration payable by the Purchaser for the Disposal under the Share Transfer Agreement is RMB940.0 million.

THE SHARE TRANSFER AGREEMENT

Date

10 February 2015

Parties

Seller: Neo-China Investment Ltd., a wholly-owned subsidiary of the Company

Purchaser: Basic Urban Development Co. Limited

Guarantor: Hebei Fubang Industrial Co. Ltd.

The Guarantor agrees to guarantee the Purchaser's due performance of its obligations under the Share Transfer Agreement and to bear the joint responsibility if the Purchaser fails to do so.

The Purchaser is a company incorporated in the Republic of Seychelles with limited liability. The Purchaser is an investment holding company. The Guarantor is a company incorporated in the PRC with limited liability. The principal business of the Guarantor is property management, office and business services facilities leasing; and carpark operations. The Purchaser and the Guarantor are ultimately wholly owned by the same individual person.

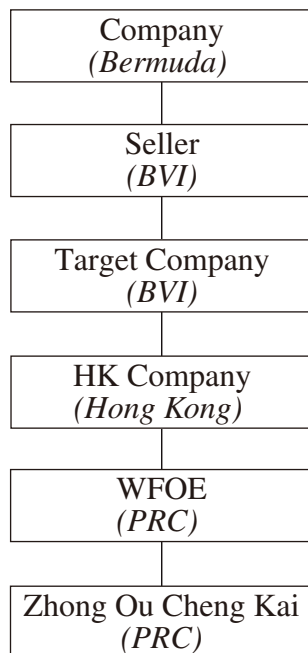
To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, the Purchaser, the Guarantor and their respectively ultimate beneficial owners are third parties independent of the Company and its connected persons.

Assets being disposed of

The assets being disposed of are the Sale Shares, representing the entire issued share capital of the Target Company. The Target Company is an investment holding company incorporated in the BVI, and is wholly owned by the Seller. The Target Company, through HK Company, WFOE and Zhong Ou Cheng Kai, owns the land use rights to a piece of land of with site area of approximately 333,333 square metres, which is located at the Yanjiao Economic Technological Development Zone, Hebei Province. The project was intended to be developed into a large community comprising residential and commercial properties, offices and hotels. As at the date of this announcement, construction work for the project has not commenced.

In addition to the Sale Shares, the Purchaser has agreed to pay to the Seller (i) an amount equal to the Intra-Group Loan, being approximately RMB18.6 million in the aggregate, as settlement of such loans owed by Zhong Ou Cheng Kai to the Company and its associated companies; and (ii) an amount equal to the Beijing Xinsong Loan, being RMB465.0 million, as settlement of such loan owed by WFOE to Beijing Xinsong, a wholly-owned subsidiary of the Company.

The following diagram illustrates a simplified shareholding structure of the Target Group as at the date of this announcement (unless otherwise stated, each subsidiary is 100% owned directly or indirectly by its holding company as indicated):



Conditions precedent

The Share Transfer Agreement will take effect on the Effective Date, being the date upon which the following conditions are satisfied:

- (a) the Share Transfer Agreement having been signed by authorised representatives of the Purchaser, the Seller and the Guarantor respectively;
- (b) the Purchaser having paid the Deposit of RMB80 million to the Seller;
- (c) the Seller and the Company having obtained all 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
- (d) the Seller having completed the state-owned assets evaluation filing for the Disposal.

If any or all of the conditions set out above cannot be fulfilled within six months from the date of the Share Transfer Agreement or such other period of time as the parties may mutually agree, the Share Transfer Agreement shall terminate and the Deposit shall be repaid to the Purchaser without any interest.

Consideration

The Total Consideration payable by the Purchaser under the Share Transfer Agreement is RMB940.0 million, which is allocated as follows:

- (a) approximately RMB456.4 million as the consideration for the acquisition of the Sale Shares;
- (b) approximately RMB18.6 million as settlement of the Intra-Group Loan; and
- (c) RMB465.0 million as settlement of the Beijing Xinsong Loan.

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

Payment	Timing	Amount payable
First payment	Within 30 days from the Effective Date and before 10 March 2015, the date of which can be extended to no later than 27 March 2015 upon the Purchaser's written request to such effect	RMB280.0 million
Second payment	Within four months from the Effective Date and no later than 10 June 2015	RMB460.0 million
Third payment	Within eight months from the Effective Date and no later than 10 October 2015	RMB200.0 million

The Deposit paid by or on behalf of the Purchaser under the Share Transfer Agreement will be regarded as part of the first payment.

The consideration and the terms of the Share Transfer 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 pre-development cost and the book value of the Sale Shares, Intra-Group Loan and the Beijing Xinsong Loan.

Share charge pending completion

The Seller agrees that the Sale Shares may be pledged to a financial institution for the purpose of securing financing for the Purchaser to settle the Total Consideration payable under the Share Transfer Agreement. Subject to receipt of the first payment of the Total Consideration of approximately RMB280.0 million, the Seller agrees to pledge the Sale Shares in favour of a financial institution designated by the Purchaser.

Termination

The Share Transfer Agreement may be terminated if any party thereto commits a material breach of the Share Transfer Agreement or upon the mutual agreement between the Seller and the Purchaser. Upon termination, the Seller is required to return all the payments received without any interest, and the Purchaser is required to transfer the Sale Shares (if such shares have already been transferred to the Purchaser) back to the Seller or procure the release of the pledge over the Sale Shares (if applicable).

If the Seller fails to pledge the Sale Shares to the financial institution designated by the Purchaser or transfer the Sale Shares to the Purchaser pursuant to the Share Transfer Agreement, the Purchaser is entitled to terminate the Share Transfer Agreement, as a result of which, the Seller is required to return the Deposit paid and pay another amount of RMB80 million as liquidated damages.

If the Purchaser or the Guarantor fails to pay any amount due according to the scheduled payment date, the Seller is entitled to terminate the Share Transfer Agreement with the right to forfeit the Deposit paid.

Joint liability of the Company and the Guarantor

In the event the Seller breaches any term of the Share Transfer Agreement, the Purchaser has the right to demand the Company to be jointly liable for the damages suffered and claims made by the Purchaser as a result of such breach. If the Purchaser or the Guarantor is in breach of any term of the Share Transfer Agreement, the Purchaser and the Guarantor are jointly liable for the damages suffered and claims made by the Seller as a result of such breach.

Completion

Completion of the sale and purchase of the Sale Shares will take place following receipt by the Seller of the second payment of the Total Consideration. Following completion, the Purchaser agrees to pledge 20% of the Sale Shares to the Seller as security for the payment of the balance of the Total Consideration. The share charge will be discharged following full payment by the Purchaser of the Total Consideration.

FINANCIAL EFFECTS OF THE DISPOSAL

The Target Company is an investment holding company and other than the holding of the entire equity interest of Zhong Ou Cheng Kai through HK Company and WFOE, the Target Company does not have any other assets, liabilities or business operations.

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

Target Company:

	Net losses before taxation and extraordinary items (RMB'000)	Net losses after taxation and extraordinary items (RMB'000)
For the year ended 31 December 2013	4	4
For the year ended 31 December 2014	5	5

Zhong Ou Cheng Kai:

	Net losses before taxation and extraordinary items (RMB'000)	Net losses after taxation and extraordinary items (RMB'000)
For the year ended 31 December 2013	721	721
For the year ended 31 December 2014	7,351	7,351

It is expected that, upon completion of sale of the Sale Shares, the Company will record an estimated gain of approximately RMB343.9 million before taxation, being the difference between RMB456.4 million as the consideration for the acquisition of the Sale Shares and the book value of the Target Group as of 31 December 2014 in the amount of RMB112.5 million. The actual gain to be recorded by the Company is subject to audit.

Upon completion of the Disposal, each of the Target Company, HK Company, WFOE and Zhong Ou Cheng Kai will cease to be a subsidiary of the Company.

REASONS FOR AND BENEFITS OF THE DISPOSAL

The principal activities of the Group are property development, property investment and hotel operations in the PRC. During the past few years, the Group has re-aligned its strategy to focus on property development projects in the Yangtze River Delta and prosperous coastal cities, where the Group has a 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 fits with its business strategy.

The Company 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 Share Transfer Agreement and the Disposal are fair and reasonable and in the interests of the Company and its shareholders as a whole.

LISTING RULES IMPLICATIONS

As one of the applicable percentage ratios under Rule 14.07 of the Listing Rules in respect of the Disposal exceeds 5% but none of such percentage ratios is 25% or above, the transactions contemplated under the Share Transfer Agreement constitute a discloseable transaction of the Company and are therefore subject to the requirements of reporting and announcement pursuant to Chapter 14 of the Listing Rules.

DEFINITIONS

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

“Beijing Xinsong”	北京新松置地投資顧問有限公司 (Beijing Xinsong Land Investment Consultancy Co. Ltd.), a company incorporated in the PRC with limited liability and a wholly-owned subsidiary of the Company
“Beijing Xinsong Loan”	the loan in the amount RMB465.0 million owed by WFOE to Beijing Xinsong
“Board”	the board of directors of the Company
“BVI”	British Virgin Islands
“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 of Hong Kong Limited
“connected person”	has the meaning given to it under the Listing Rules
“Deposit”	the deposit of RMB80 million payable by the Purchaser to the Seller under the Share Transfer Agreement
“Directors”	directors of the Company
“Disposal”	the sale of the Sale Shares by the Seller to the Purchaser and the settlement of the Intra-Group Loan and the Beijing Xinsong Loan by the Purchaser pursuant to the terms of the Share Transfer Agreement

“Effective Date”	the day on which the conditions to the Share Transfer Agreement, as described in the paragraph headed “Conditions precedents” in this announcement, have been fulfilled
“Group”	the Company and its subsidiaries
“Guarantor”	河北富邦實業有限公司 (Hebei Fubang Industrial Co. Ltd.), a company incorporated in the PRC with limited liability
“HK Company”	All Win Investment Limited (全中投資有限公司), a company incorporated in Hong Kong with limited liability and a wholly-owned subsidiary of the Company
“Intra-Group Loan”	the loans owed by Zhong Ou Cheng Kai to the Company and its associated companies in an aggregate amount of RMB18.6 million
“Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
“PRC”	the People’s Republic of China
“Purchaser”	Basic Urban Development Co. Limited (貝西克城市開發有限公司), a company incorporated in the Republic of Seychelles with limited liability
“Sale Shares”	100 shares of US\$1.00 each in the issued share capital of the Target Company, representing of the entire issued share capital of the Target Company
“Seller”	Neo-China Investment Ltd., a company incorporated in the BVI with limited liability and a wholly-owned subsidiary of the Company
“Share Transfer Agreement”	the share transfer agreement dated 10 February 2015 entered into between the Seller, the Purchaser and the Guarantor in relation to the Disposal
“Target Company”	Bold Eagle Investment Ltd., a company incorporated in the BVI with limited liability and a wholly-owned subsidiary of the Company
“Target Group”	the Target Company and its subsidiaries

“Total Consideration”	the total consideration payable by the Purchaser under the Share Transfer Agreement which is RMB940.0 million
“WFOE”	上海冀開投資顧問有限公司 (Shanghai Jikai Investment Consulting Co., Ltd.), a foreign investment enterprise established in the PRC and a wholly-owned subsidiary of the Company
“Zhong Ou Cheng Kai”	中歐城開有限公司 (Zhong Ou Cheng Kai Co., Ltd.), a company incorporated in the PRC with limited liability 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
Ji Gang
Chairman

Hong Kong, 10 February 2015

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