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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.**

On 6 August 2014 (after trading hours), the Company entered into the Framework Agreement with the Purchaser and Minmetals, among others, pursuant to which, *inter alia*, the Seller (a wholly-owned subsidiary of the Company) will sell the Sale Share to the Purchaser, upon completion of the Restructuring Exercise, at a purchase consideration of RMB366,000,000 (equivalent to approximately HKD460,030,000). The Sale Share represents the entire issued share capital of the Target. Upon completion of the Restructuring Exercise, the Target will indirectly hold a 40% equity interest in the Project Company. Following completion of the Disposal, the Target and its subsidiary will cease to be subsidiaries of the Company.

As the relevant applicable percentage ratios under Rule 14.07 of the Listing Rules for the Disposal exceed 5% but are less than 25%, the Disposal constitutes a discloseable transaction of the Company under Chapter 14 of the Listing Rules, and is subject to the notification and announcement requirements under the Listing Rules.

**INTRODUCTION**

On 6 August 2014 (after trading hours), the Company entered into the Framework Agreement with the Purchaser and Minmetals, among others, pursuant to which, *inter alia*, the Seller (a wholly-owned subsidiary of the Company) will sell the Sale Share to the Purchaser, upon completion of the Restructuring Exercise, at a purchase consideration of RMB366,000,000 (equivalent to approximately HKD460,030,000). The Sale Share represents the entire issued share capital of the Target. Upon completion of the Restructuring Exercise, the Target will indirectly hold a 40% equity interest in the Project Company.

Under the terms of the Framework Agreement, the Sale and Purchase Agreement governing the terms of the Disposal, will be entered into in due course.

## THE FRAMEWORK AGREEMENT

**Date:** 6 August 2014

### **Parties**

- (1) The Company
- (2) The Purchaser
- (3) The Project Company
- (4) Zhongzhi BJ, a wholly-owned subsidiary of the Company
- (5) Lixing, a wholly-owned subsidiary of the Company
- (6) Minmetals

The Purchaser is a company established under the laws of the PRC and is engaged in the business of fund management in the PRC; and of which Bosera Asset Management Co., Limited is its controlling shareholder. The Directors confirm that, to the best of their 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.

Pursuant to the Framework Agreement, the Group shall conduct the Restructuring Exercise and the Disposal, details of which are set out below:

### **(A) The Restructuring Exercise**

#### *Restructuring steps*

The Restructuring Exercise involves the following steps:

- (a) Zhongzhi BJ will transfer its 10% equity interest in the Project Company to Lixing. Upon completion of such transfer, Lixing will hold a 40% equity interest in the Project Company, with the other 60% equity interest remaining to be held by Minmetals.
- (b) Zhongzhi BJ will transfer its 5% equity interest in Lixing to the Target. Upon completion of such transfer, the Target will hold the entire equity interest in Lixing.
- (c) Each of the Target and Lixing will procure the repayment or satisfaction of any indebtedness obligations owed by any third parties to each of them.
- (d) Each of the Target and Lixing will repay all debts and satisfy all of its indebtedness obligations owed to external third parties.

- (e) Each of the Target and Lixing will dispose of all its investments or shareholding interests in other companies (apart from its equity interests in Lixing and the Project Company respectively). Upon completion of such disposal, the Target (apart from its 100% equity interest in Lixing) and Lixing (apart from its 40% equity interest in the Project Company) will own no material assets and/or investments.

*Completion of the Restructuring Exercise*

Under the terms of the Framework Agreement, the Company has undertaken that it will ensure that the Restructuring Exercise is completed within 60 days from the signing of the Framework Agreement.

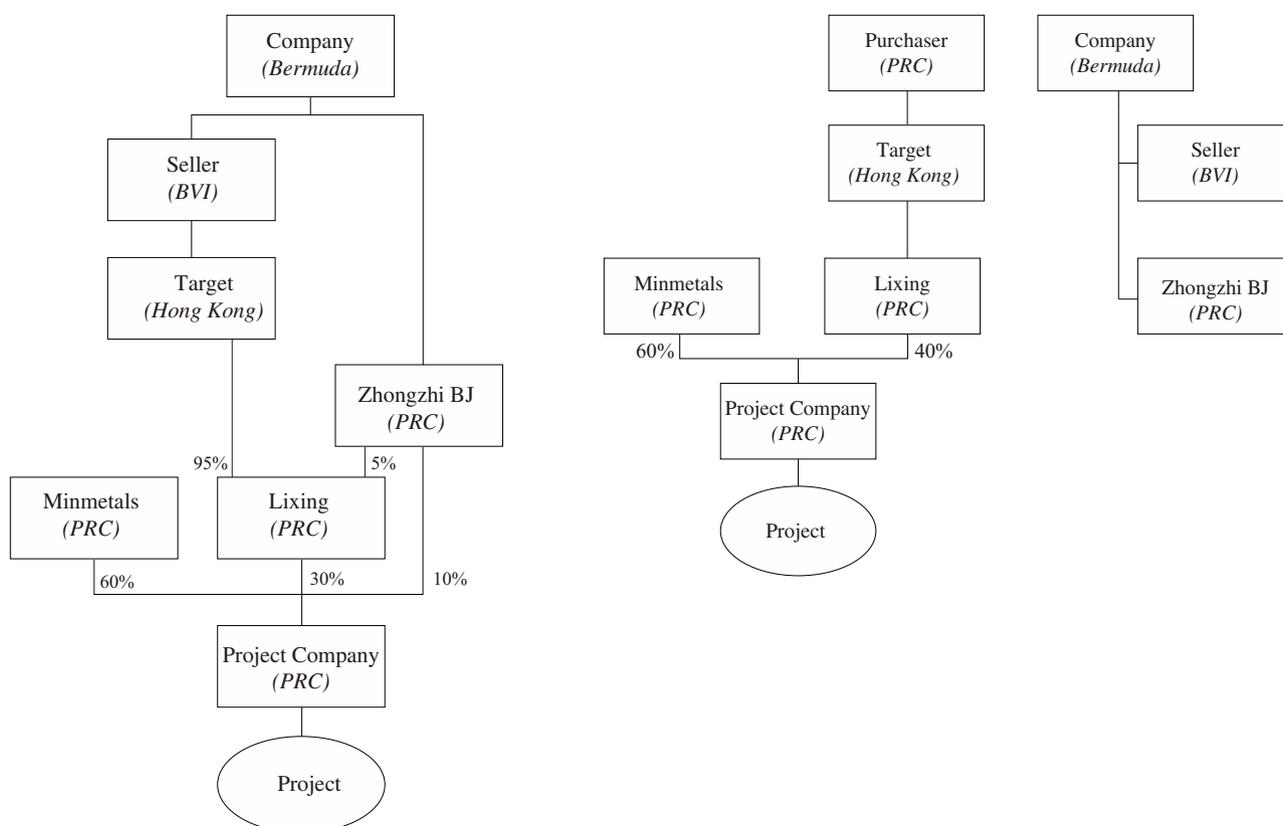
*Due diligence exercise*

Under the terms of the Framework Agreement, the Purchaser will conduct a due diligence investigation on each of the Seller, the Target, Lixing and the Project Company, which shall be completed 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).

The following diagrams illustrate a simplified shareholding structure of the Project Company before and immediately after completion of the Restructuring Exercise and the Disposal (unless otherwise specified, each subsidiary is 100%, directly or indirectly, owned by its holding company).

**Before completion of the Restructuring Exercise and the Disposal**

**Immediately after completion of the Restructuring Exercise and the Disposal**



## **(B) The Disposal**

Within two business days of the Purchaser (or such date as may be agreed between the Seller and the Purchaser) having completed and been satisfied with the results of the due diligence exercise, the Seller and the Purchaser will enter into the Sale and Purchase Agreement for the Disposal.

### *Assets being disposed of*

The asset being disposed of is the Sale Share, representing the entire issued share capital of the Target. The Target is an investment holding company incorporated under the laws of Hong Kong. The Seller is an investment holding company incorporated under the laws of the British Virgin Islands, and is a wholly-owned subsidiary of the Company. Upon completion of the Restructuring Exercise, (i) the Target, through Lixing, will own a 40% equity interest in the Property Company; and (ii) Lixing, a company established under the laws of the PRC, will directly hold a 40% equity interest in the Project Company as its only material asset.

The Project Company is a company established under the laws of the PRC with a registered capital of RMB38,000,000. Upon completion of the Restructuring Exercise, the Project Company will be owned as to 40% by Lixing and 60% by Minmetals. Minmetals is a company established under the laws of the PRC and a subsidiary of China Minmetals Corporation, an international metals and mining corporation. The Directors confirm that, to the best of their knowledge, information and belief, having made all reasonable enquiries, Minmetals and its ultimate beneficial owners are third parties independent of the Company and its connected persons.

### *Consideration*

In consideration of the Company (on behalf of the Seller) agreeing to sell the Sale Share to the Purchaser, the Purchaser has agreed to pay to the Company (or any of its nominees) the purchase consideration of RMB366,000,000 (equivalent to approximately HKD460,030,000), in cash and in full on the date of completion of the Disposal.

The purchase consideration for the Disposal has been arrived at after arm's length negotiations between the Company and the Purchaser, having taken into account the valuation of the Project Company as at 30 June 2014, as determined by an independent PRC valuer.

### *Completion of the Disposal*

Subject to the terms of the Sale and Purchase Agreement, completion of the Disposal will take place within 11 business days following the signing of the Sale and Purchase Agreement.

Upon completion of the Disposal, the Target and Lixing will cease to be subsidiaries of the Company.

**(C) Repayment of shareholders' loans**

Tianjin Kaijin, a wholly-owned subsidiary of the Company, and Zhongzhi BJ had extended the following shareholders' loans (the "Loans") to the Project Company respectively:

- (a) an aggregate of approximately RMB40,886,000 by Tianjin Kaijin; and
- (b) an aggregate of approximately RMB27,184,000 by Zhongzhi BJ.

Under the Framework Agreement, the Project Company shall repay the Loans to Tianjin Kaijin and Zhongzhi BJ in full after completion of the Disposal and the Contribution, in accordance with the terms of the Framework Agreement.

**(D) Contribution**

Minmetals has over the years provided significant capital for the development and funding needs of the Project. As agreed between Minmetals and the Purchaser under the terms of the Framework Agreement, the Purchaser will pay Minmetals a sum of RMB734,000,000 (equivalent to approximately HKD922,574,000), to contribute towards its agreed share of the aforementioned costs which Minmetals had incurred, as an incoming 40% joint venture party of the Project Company.

Under the terms of the Framework Agreement, the Disposal and the Contribution are inter-conditional upon the completion of the other.

**(E) Termination**

Each of the Purchaser and Minmetals will have the right, but not the obligation, to terminate the Framework Agreement upon the occurrence of any of the following events:

- (a) the Restructuring Exercise not having been completed in accordance with the terms of the Framework Agreement;
- (b) the results of the Purchaser's due diligence investigation on each of the Seller, the Target, Lixing and the Project Company not having been satisfactory to the Purchaser; or
- (c) the Purchaser, not being able to complete the due diligence investigation in accordance with the terms of the Framework Agreement due to the Company's non-compliance of its obligations thereunder.

Under the terms of the Framework Agreement, the Disposal and the Contribution is inter-conditional upon the completion of the other. In the event that the Framework Agreement is terminated and/or either or both of the Disposal and the Contribution does not take place in accordance with the terms of the Agreements, each of the parties undertake to (i) return all monies that have been paid in connection with the transactions contemplated under the Agreements to the respective parties; and (ii) unwind the transfer of the Sales Share to the Purchaser (on the basis that such transfer to the Purchaser has been completed), in accordance with the terms thereunder.

## **INFORMATION ON THE PROJECT COMPANY**

The Project Company is the developer of the “Beichen Yixingbu” project in Tianjin, the PRC. The Project is a mixed residential and commercial development in Beichen Zone, Tianjin, the PRC. It spans a land area of approximately 1,115,000 square metres and has an aggregate projected gross floor area of approximately 2,043,000 square metres. The Project is undergoing construction and demolition works.

## **FINANCIAL EFFECTS OF THE DISPOSAL**

Upon completion of the Restructuring Exercise, the Target (apart from its 100% equity interest in Lixing) and Lixing (apart from its 40% equity interest in the Project Company) will own no material assets and/or investments.

The net losses before and after tax and extraordinary items of the Project Company for each of the two years ended 31 December 2012 and 2013 attributable to the Company were as follows:

	<b>For the year ended</b>	
	<b>31 December</b>	
	<b>2012</b>	<b>2013</b>
	<i>(RMB'000)</i>	<i>(RMB'000)</i>
Net losses before tax and extraordinary items	6,394	10,243
Net losses after tax and extraordinary items	6,394	10,243

As at 31 December 2013, the Project Company carried net liabilities of RMB4,826,000.

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.

## **REASONS FOR AND BENEFITS OF THE FRAMEWORK AGREEMENT**

The Directors consider that the Disposal represents a good opportunity for the Group to realise its investment in the Project Company and enhance its cash position. The Disposal will enable the Group to free up capital for its operations and any potential new investment opportunities that might arise in the future.

Taking into consideration the transactions contemplated under the Framework Agreement in its entirety, the Directors (including the independent non-executive Directors) consider that the terms of the Framework Agreement and the transactions contemplated thereunder (including but not limited to the Disposal) are fair and reasonable and in the interests of the Company and its shareholders as a whole.

The Group intends to apply the proceeds from the Disposal, after deducting the relevant expenses, to repay the Group's indebtedness, general working capital and/or for investments in assets or properties used in the Group's business.

## **INFORMATION ON THE GROUP**

The Group is a property developer in the PRC and is principally engaged in the businesses of property development, property investment and hotel operations.

## **LISTING RULES IMPLICATIONS**

As the relevant applicable percentage ratios under Rule 14.07 of the Listing Rules for the Disposal exceed 5% but are less than 25%, the Disposal constitutes a discloseable transaction of the Company under Chapter 14 of the Listing Rules, and is subject to the notification and announcement requirements under the Listing Rules.

## **DEFINITIONS**

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

“Agreements”	the Framework Agreement and the Sale and Purchase Agreement
“Board”	the board of Directors
“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
“connected person”	has the meaning given to it under the Listing Rules
“Contribution”	a payment of RMB734,000,000 to be made by the Purchaser to Minmetals to contribute to its agreed share of the costs incurred by Minmetals for the Project, a condition to the completion of the Disposal, in accordance with the terms and conditions of the Framework Agreement
“Directors”	directors of the Company
“Disposal”	the sale by the Seller of the Sale Share to the Purchaser subject to and upon the terms and conditions of the Agreements
“Framework Agreement”	the agreement dated 6 August 2014 entered into among the Company, the Purchaser, Zhongzhi BJ, Lixing, the Project Company and Minmetals relating to, among other things, the Disposal, the Restructuring Exercise and the Contribution
“Group”	the Company and its subsidiaries

“HKD”	Hong Kong dollars, the lawful currency of 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 30% equity interest in the Project Company as at the date of this announcement and is expected to hold a 40% equity interest in the Project Company upon completion of the Restructuring Exercise
“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
“PRC”	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
“Purchaser”	博時資本管理有限公司 (Bosera Capital Management Co., Ltd.), a company established under the laws of the PRC, or any of its wholly-owned subsidiaries nominated by it to act as the purchaser
“Restructuring Exercise”	the restructuring exercise to be completed by the Company and certain of its subsidiaries, in accordance with the terms and conditions of the Framework Agreement
“RMB”	Renminbi, the lawful currency of the PRC
“Sale and Purchase Agreement”	the agreement to be entered into between the Seller and the Purchaser 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
“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, which holds a 10% equity interest in the Project Company as at the date of this announcement

*English names of the PRC established companies/entities in this announcement are only a translation of their respective official Chinese names. In case of inconsistency, the Chinese names prevail.*

*In this announcement, certain amounts quoted in RMB have been converted into Hong Kong dollars (or vice versa) at the reference rate of HKD1.00 to RMB0.7956 for information purpose only. Such conversion should not be construed as a representation that the relevant amounts have been, could have been, or could be, converted at that or any other rate or at all.*

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

Hong Kong, 6 August 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.*