

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.



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)

**MAJOR TRANSACTION
ACQUISITION OF THE ENTIRE ISSUED SHARE CAPITAL OF
CONTINENTAL LAND DEVELOPMENT LIMITED**

On 25 September 2014, the Company and the Purchaser, a wholly-owned subsidiary of the Company, entered into the Sale and Purchase Agreement with the Sellers pursuant to which the Purchaser agreed to purchase, and the Sellers agreed to sell, the Sale Shares and the Sale Loans for a total consideration of approximately US\$579,300,000 in cash. The Sale Shares represent the entire issued share capital of the Target and the Sale Loans represent the aggregate amount of shareholders' loans, together with interest accrued thereon, owed by the Target to the Sellers as of 31 May 2014. All rights attaching to the Sale Shares accrued after 31 May 2014 are for the account of the Purchaser. The Company has agreed to guarantee the Purchaser's payment obligations under the Sale and Purchase Agreement.

As one or more of the applicable percentage ratios in respect of the Acquisition as calculated under Rule 14.07 of the Listing Rules is greater than 25% and all the applicable percentage ratios are less than 100%, the entering into of the Sale and Purchase Agreement and the transactions contemplated thereunder constitute a major transaction for the Company under the Listing Rules.

To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, none of the Shareholders has any material interest in the transactions contemplated under the Sale and Purchase Agreement and therefore no Shareholders are required to abstain from voting if an extraordinary general meeting was to be convened for the approval of the Sale and Purchase Agreement and the transactions contemplated thereunder (including the Acquisition). Pursuant to the Listing Rules, shareholders' approval is required for a major transaction. However, the Company has obtained a written approval for the Sale and Purchase Agreement and the transactions contemplated therein (including the Acquisition) in accordance with Rule 14.44 of the Listing Rules from Smart Charmer, a Shareholder which holds 3,365,883,000 Shares, representing approximately 69.95% of the issued share capital of the Company as of the date of this announcement. Smart Charmer has the right to attend and vote at the general meeting (if convened) to approve such transactions. As such, the Company is not required to convene an extraordinary general meeting for this purpose as is permitted under Rule 14.44 of the Listing Rules.

The Circular containing, among other things, further information in respect of the Acquisition will be despatched to the Shareholders for their information on or before 31 October 2014. In order to allow sufficient time to prepare the information to be included in the Circular, the Company will apply to the Stock Exchange for a waiver from strict compliance with Rule 14.41(a) of the Listing Rules, which requires the Circular to be despatched to the Shareholders within 15 business days after the publication of this announcement.

THE ACQUISITION

On 25 September 2014, the Company and the Purchaser, a wholly-owned subsidiary of the Company, entered into the Sale and Purchase Agreement with the Sellers pursuant to which the Purchaser agreed to purchase, and the Sellers agreed to sell, the Sale Shares and the Sale Loans for a total consideration of approximately US\$579,300,000 in cash. The Sale Shares represent the entire issued share capital of the Target and the Sale Loans represent the aggregate amount of shareholders' loans, together with interest accrued thereon, owed by the Target to the Sellers as of 31 May 2014. The Company has agreed to guarantee the Purchaser's payment obligations under the Sale and Purchase Agreement.

THE SALE AND PURCHASE AGREEMENT

Date

25 September 2014

Parties

- (1) Shing Kwan, Eastlake, Universal Global, Pearlking, Smoothly Capital, Huntington and Multi-United, as the Sellers
- (2) Advantage World Investment Limited, a wholly-owned subsidiary of the Company, as the Purchaser
- (3) The Company, as guarantor

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

Assets acquired

The assets acquired under the Sale and Purchase Agreement comprise (i) the Sale Shares, being the entire issued share capital of the Target; and (ii) the Sale Loans in the amount of approximately US\$185,000,000, being the aggregate amount of shareholders' loans, together with interest accrued thereon, owed by the Target to the Sellers as of 31 May 2014. All rights attaching to the Sale Shares accrued after 31 May 2014 are for the account of the Purchaser.

The information regarding the Target Group is set out in the paragraph headed "Information on the Target Group" below.

Consideration

The Purchase Price for the Acquisition is approximately US\$579,300,000 and is payable in cash in the following manner:

- (a) approximately US\$521,400,000, representing 90% of the Purchase Price (the “**First Payment**”), was paid by the Purchaser to the Sellers on the date of the Sale and Purchase Agreement; and
- (b) the remaining 10% of the Purchase Price (the “**Final Payment**”) is payable in two tranches as follows:
 - (i) approximately US\$46,300,000 (representing 8.0% of the Purchase Price) (“**Tax Reserve Amount**”) will be withheld by the Purchaser for the payment of any tax obligations of the Sellers owed to the PRC tax authorities arising from the transactions under the Sale and Purchase Agreement. Following the issue of the tax demand, the Purchaser will make the tax payment to the relevant PRC tax authorities on the Sellers’ behalf up to the Tax Reserve Amount. The Sellers are responsible for any tax payable in excess of the Tax Reserve Amount. In the event that the tax payable is less than the Tax Reserve Amount, the Purchaser will pay the excess amount to the Sellers; and
 - (ii) approximately US\$11,600,000 (representing 2.0% of the Purchase Price) will be withheld by the Purchaser and will only be released to the Sellers following the expiry of one year from the date of the Sale and Purchase Agreement if there are no claims by the Purchaser against the Sellers under the terms of the Sale and Purchase Agreement outstanding as of the expiry of the said one-year period.

Hong Kong stamp duty payable in respect of the transfer of the Sale Shares will be borne by the Sellers on one part and the Purchaser on the other part in equal shares. An amount equal to the estimated Hong Kong stamp duty payable by the Sellers has been deducted from the First Payment.

The Purchase Price was determined after taking into account various factors, including but not limited to the value of the Property, the historical financial information of the Target Group, the reasons for the Acquisition, and arm’s length negotiations among the Purchaser and the Sellers. Based on the audited consolidated financial statements of the Target Group for the year ended 31 December 2013, the fair market value of the Property as of 31 December 2013 was approximately US\$774,000,000, which was determined by an independent property valuer. The First Payment was financed as to US\$160,000,000 by the Group’s internal resources and as to the balance by a third party loan.

Guarantee

The Company has agreed to guarantee the payment obligations of the Purchaser under the terms of the Sale and Purchase Agreement.

Completion

Completion was subject to the Company having obtained its shareholders' approval for the entering into of the Sale and Purchase Agreement and the transactions contemplated thereunder in accordance with the requirements of the Listing Rules. Such condition was satisfied prior to the signing of the Sale and Purchase Agreement. Completion took place on 25 September 2014 immediately following the signing of the Sale and Purchase Agreement. Following Completion, the Target becomes a subsidiary of the Company and its results will be consolidated into the accounts of the Group.

INFORMATION ON THE SELLERS

The following table sets out the percentage holding of the Target held by each Seller, and the basic information of each Seller:

| Sellers | Approximate % holding in Target | Place of incorporation | Principal business |
|------------------|--|-----------------------------------|---------------------------|
| Shing Kwan | 25.0% | Singapore | Investment holding |
| Eastlake | 25.0% | BVI | Investment holding |
| Universal Global | 15.2% | BVI | Investment holding |
| Pearlking | 12.5% | BVI | Investment holding |
| Smoothly Capital | 9.8% | BVI | Investment holding |
| Huntington | 7.5% | BVI | Investment holding |
| Multi-United | 5.0% | BVI | Investment holding |

INFORMATION ON THE GROUP AND THE PURCHASER

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

The Purchaser is a company incorporated in the BVI with limited liability and is an indirect wholly-owned subsidiary of the Company. Its principal business is investment holding.

INFORMATION ON THE TARGET GROUP

The Target Group comprises the Target and Shanghai World Trade. The Target is an investment holding company with no material assets, other than its holding in Shanghai World Trade. As of the date of this announcement, the Target holds 99% equity interest of Shanghai World Trade, a sino-foreign joint venture company established in the PRC. The other 1% equity interest of Shanghai World Trade is held by SHUDC which is a sino-foreign joint venture enterprise approved by the People's Government of Shanghai City and undertakes the overall development and management of the Hongqiao Economic & Technological Development Zone.

Shanghai World Trade is the owner of the Property and engages in the business of showcasing, exhibiting and hosting trade fairs for imported/exported products; providing trading venues and facilities for domestic and foreign customers, and other ancillary services; operating car parks and providing property management services.

Information on the Property

Opened in 1999, the Property is the first permanent international trade mart in the PRC. It is located at 2299 Yan'an Road (West) in the Shanghai Hongqiao Economic Development Zone, approximately 20 minutes away from Shanghai Hongqiao Airport. With an aggregate gross floor area in excess of 280,000 sq.m., the Property is the largest of its kind in Asia and comprises three main buildings, namely the Mart, Expo, and Tower. The Mart, which spans over 201,000 sq.m., functions as a year round product showcase venue. The Expo, which has a gross floor area of approximately 37,000 sq.m., is a venue suited for hosting of exhibitions and fairs. The Tower, which has a total gross floor area of approximately 42,000 sq.m. and spans 30 floors, accommodates a multi-storey commercial office space for corporations and consulates. The land use rights in respect of the land on which the Property is situated has been granted for a period of 50 years commencing 21 October 1999 and ending on 20 October 2049.

Financial information on the Target Group

The audited net asset value of the Target Group as of 31 December 2013 was approximately US\$335,700,000.

The audited net profit before and after taxation and extraordinary items of the Target Group for each of the two years ended 31 December 2012 and 2013 are set out below:

| | For the year ended | |
|--|---------------------------|-------------------|
| | 31 December | |
| | 2012 | 2013 |
| | <i>(US\$'000)</i> | <i>(US\$'000)</i> |
| Net profit before taxation and extraordinary items | 37,785 | 42,226 |
| Net profit after taxation and extraordinary items | 30,983 | 26,401 |

Information on the Shanghai World Trade Acquisition

On 20 December 2013, the Target entered into an equity transfer agreement with SHUDC pursuant to which the Target agreed to purchase and SHUDC agreed to sell the 1% equity interest of Shanghai World Trade held by SHUDC at a purchase consideration which is to be determined by the parties in due course (the “**Shanghai World Trade Acquisition**”). As of the date of this announcement, completion of the Shanghai World Trade Acquisition has not taken place. Each of the Sellers undertakes to use its commercially reasonable endeavours to assist in the completion of the Shanghai World Trade Acquisition. Upon completion of the Shanghai World Trade Acquisition, the Target, through Shanghai World Trade, will be the sole shareholder of Shanghai World Trade.

REASONS FOR AND BENEFITS OF THE ACQUISITION

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

The Board considers that the Acquisition can help enhance and enlarge the property investment portfolio of, and bring additional recurring rental income to, the Group.

After taking into consideration the above factors, the Board considers that the Sale and Purchase Agreement has been made on normal commercial terms and that its terms are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

LISTING RULES IMPLICATIONS

As one or more of the applicable percentage ratios in respect of the Acquisition as calculated under Rule 14.07 of the Listing Rules is greater than 25% and all the applicable percentage ratios are less than 100%, the entering into of the Sale and Purchase Agreement and the transactions contemplated thereunder constitute a major transaction for the Company under the Listing Rules.

To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, none of the Shareholders has any material interest in the transactions contemplated under the Sale and Purchase Agreement and therefore no Shareholders are required to abstain from voting if an extraordinary general meeting was to be convened for the approval of the Sale and Purchase Agreement and the transactions contemplated thereunder (including the Acquisition). Pursuant to the Listing Rules, shareholders' approval is required for a major transaction. However, the Company has obtained a written approval for the Sale and Purchase Agreement and the transactions contemplated therein (including the Acquisition) in accordance with Rule 14.44 of the Listing Rules from Smart Charmer, a Shareholder which holds 3,365,883,000 Shares, representing approximately 69.95% of the issued share capital of the Company as of the date of this announcement. Smart Charmer has the right to attend and vote at the general meeting (if convened) to approve such transactions. As such, the Company is not required to convene an extraordinary general meeting for this purpose as is permitted under Rule 14.44 of the Listing Rules.

In order to allow sufficient time to prepare the information to be included in the Circular, the Company will apply to the Stock Exchange for a waiver from strict compliance with Rule 14.41(a) of the Listing Rules, which requires the Circular to be despatched to the Shareholders within 15 business days after the publication of this announcement. The Circular is expected to be despatched to the Shareholders on or before 31 October 2014.

DEFINITIONS

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

| | |
|---------------|---|
| “Acquisition” | the acquisition of the Sale Shares and the Sale Loans by the Purchaser pursuant to the terms of the Sale and Purchase Agreement |
| “Board” | the board of Directors |

| | |
|---------------------|---|
| “BVI” | the British Virgin Islands |
| “Circular” | a circular of the Company containing, among other things, information relating to the Sale and Purchase Agreement and the Acquisition |
| “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 |
| “Completion” | completion of the Acquisition |
| “connected persons” | has the meaning ascribed to it under the Listing Rules |
| “Directors” | directors of the Company |
| “Eastlake” | Eastlake Corporation, a company incorporated in the BVI with limited liability and one of the Sellers |
| “Group” | the Company and its subsidiaries |
| “Huntington” | Huntington Development Ltd., a company incorporated in the BVI with limited liability and one of the Sellers |
| “Listing Rules” | the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited |
| “Multi-United” | Multi-United Investment Inc., a company incorporated in the BVI with limited liability and one of the Sellers |
| “Pearlking” | Pearlking Developments Ltd., a company incorporated in the BVI with limited liability and one of the Sellers |
| “PRC” | the People’s Republic of China and for the purpose of this announcement, excludes Hong Kong, Macau Special Administrative Region and Taiwan |
| “Property” | Shanghaimart, a permanent international trade mart located in the Shanghai Hongqiao Economic Development Zone, which is owned by Shanghai World Trade |
| “Purchase Price” | the aggregate consideration for the Acquisition in the amount of approximately US\$579,300,000 payable by the Purchaser in accordance with the terms of the Sale and Purchase Agreement |

| | |
|-------------------------------|--|
| “Purchaser” | Advantage World Investment Limited, a company incorporated in the BVI with limited liability and a wholly-owned subsidiary of the Company |
| “Sale and Purchase Agreement” | the agreement dated 25 September 2014 entered into among the Purchaser, the Company and the Sellers in relation to the Acquisition |
| “Sale Loans” | the aggregate amount of shareholders’ loans, together with interest accrued thereon, owed by the Target to the Sellers as of 31 May 2014 |
| “Sale Shares” | 10,000 shares in the issued share capital of the Target, representing the entire issued share capital of the Target |
| “Sellers” | Shing Kwan, Eastlake, Universal Global, Pearlking, Smoothly Capital, Huntington and Multi-United |
| “Shanghai World Trade” | 上海世界貿易商城有限公司 (Shanghai World Trade City Corp., Ltd.), a sino-foreign joint venture company established in the PRC and is owned as to 99% by the Target and 1% by SHUDC |
| “Shareholder” | a holder of the ordinary shares of HK\$0.04 each in the issued share capital of the Company |
| “Shing Kwan” | Shing Kwan Investment (Singapore) Pte Ltd, a company incorporated in Singapore with limited liability and one of the Sellers |
| “SHUDC” | 上海虹橋經濟技術開發區聯合發展有限公司 (Shanghai Hongqiao Economic & Technological Development Zone United Development Co., Ltd.), a sino-foreign joint venture enterprise established in the PRC |
| “Smart Charmer” | Smart Charmer Limited, a company incorporated in the BVI with limited liability, which is the holder of 3,365,883,000 Shares as of the date of this announcement |
| “Smoothly Capital” | Smoothly Capital Limited, a company incorporated in the BVI with limited liability and one of the Sellers |
| “Stock Exchange” | The Stock Exchange of Hong Kong Limited |

| | |
|--------------------|--|
| “Target” | Continental Land Development Limited (華欣大企業有限公司), a company incorporated in Hong Kong with limited liability |
| “Target Group” | the Target and Shanghai World Trade |
| “Universal Global” | Universal Global Invest Limited, a company incorporated in the BVI with limited liability and one of the Sellers |

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, 25 September 2014

As of the date of this announcement, the Board 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.