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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 EQUITY INTEREST

Reference is made to the announcement of the Company dated 23 December 2012 in relation to the Company's proposal to dispose of its entire interest in the Project Company and the Leadway Disposal.

The Board announces that following the completion of the bidding invitation, auction and listing procedure in the Shanghai United Assets and Equity Exchange for the sale of the Equity Interest by Zhongzhi BJ, on 27 December 2012, Zhongzhi BJ (a wholly-owned subsidiary of the Company) entered into the Equity Transfer Agreement with the Purchaser pursuant to which Zhongzhi BJ has agreed to sell and the Purchaser has agreed to acquire the Equity Interest, representing 30% equity interest in the Project Company.

As the relevant applicable percentage ratios under Rule 14.07 of the Listing Rules on an aggregate basis for the Equity Transfer together with the Leadway Disposal exceed 5% but are less than 25%, the Equity Transfer (and the Leadway Disposal) constitute a discloseable transaction of the Company under Chapter 14 of the Listing Rules.

INTRODUCTION

Reference is made to the announcement of the Company dated 23 December 2012 in relation to the Company's proposal to dispose of its entire interest in the Project Company and the Leadway Disposal.

On 21 December 2012, Neo-China Investment and Honghui Investments entered into the Leadway Disposal Agreement pursuant to which Neo-China Investment (a wholly-owned subsidiary of the Company) agreed to sell and Honghui Investments agreed to acquire the entire issued share capital of Leadway. Leadway is the holder of 70% equity interest in the Project Company.

Following the completion of the bidding invitation, auction and listing procedure in the Shanghai United Assets and Equity Exchange for the sale of the Equity Interest by Zhongzhi BJ, on 27 December 2012, Zhongzhi BJ (a wholly-owned subsidiary of the Company) entered

into the Equity Transfer Agreement with the Purchaser pursuant to which Zhongzhi BJ has agreed to sell and the Purchaser has agreed to acquire the Equity Interest, representing 30% equity interest in the Project Company.

THE EQUITY TRANSFER AGREEMENT

Date: 27 December 2012

Parties

- (1) Zhongzhi BJ, a wholly-owned subsidiary of the Company.
- (2) The Purchaser.

The Purchaser is a company established in the PRC, whose principal business is property development. To the best knowledge, information and belief of the Directors, having made all reasonable enquiries, the Purchaser and its ultimate beneficial owners are third parties independent of the Company and its connected persons.

Asset to be disposed of

Subject to and upon the terms and conditions of the Equity Transfer Agreement, Zhongzhi BJ has agreed to sell, and the Purchaser has agreed to acquire:

- (a) the Equity Interest, representing 30% equity interest in the Project Company; and
- (b) the benefits of the Zhongzhi BJ Loans in an aggregate amount of RMB248.1 million, being all the loans (other than the Leadway Loans) outstanding and owed by the Project Company to the Group.

Consideration

The consideration for the Equity Transfer is RMB295.5 million, which comprises (i) RMB47.4 million for the acquisition of the Equity Interest, and (ii) RMB248.1 million for the Zhongzhi BJ Loans.

The Purchaser has paid a security deposit of RMB88.65 million to the Shanghai United Assets and Equity Exchange. Such security deposit will be applied towards the payment of the consideration. The Purchaser shall pay to the Shanghai United Assets and Equity Exchange the balance of RMB206.85 million within three business days from the signing of the Equity Transfer Agreement. The Shanghai United Assets and Equity Exchange will transfer the amount of the consideration received from the Purchaser to Zhongzhi BJ upon completion.

In determining the consideration for the Equity Transfer, the Company has taken into account the valuation of the Project Company as at 30 September 2012 determined by a PRC valuer.

Completion

Completion shall take place within 30 business days following the signing of the Equity Transfer Agreement.

INFORMATION ON THE PROJECT COMPANY

The Project Company is the developer of the “Park Avenue” project in Chengdu, the PRC. “Park Avenue” is a mixed residential and commercial development in Chengdu, Sichuan, the PRC. The project is situated in the northern side of Guanghua Avenue in Chengdu with Jiangan River in the north, and is not far from downtown Chengdu. The project is divided into two phases, of which Phase I is under construction.

In connection with the Equity Transfer, Neo-China Investment (a wholly-owned subsidiary of the Company) has agreed to dispose of its entire interest in Leadway, which holds the remaining 70% equity interest in the Project Company, pursuant to the Leadway Disposal Agreement. The Leadway Disposal is expected to complete by 31 December 2012. Following completion of the Leadway Disposal, each of Leadway and the Project Company will cease to be a subsidiary of the Company.

The net losses before and after tax and extraordinary items attributable to the Project Company for each of the two years ended 31 December 2010 and 2011 were as follows:

	For the year ended 31 December	
	2010	2011
	<i>(RMB'000)</i>	<i>(RMB'000)</i>
Net losses before tax and extraordinary items	25,331	201,195
Net losses after tax and extraordinary items	25,331	201,195

As at 31 December 2011, the Project Company carried a negative book value of RMB42.7 million.

Based on the carrying value of the Project Company as at 31 December 2011, the Company expects to record a gain, before tax and expenses, from the Equity Transfer of approximately RMB60.2 million. However, it is expected that the ultimate gain that the Group will record may be different from the above stated gain given that there have been changes to the carrying value of the Project Company since 31 December 2011, being the date to which the last audited financial statements of the Group were made up.

REASONS FOR AND BENEFITS OF THE EQUITY TRANSFER

Following the acquisition of 59% interest in 上海城開(集團)有限公司 (Shanghai Urban Development (Holdings) Co., Ltd.) in November 2011, the Group has re-aligned its strategy to focus on property development projects in the Yangtze River Delta, where the Group has a strong foothold. The Directors consider that the Equity Transfer represents a good opportunity for the Group to dispose of its property development project that the Group believes no longer fit with its business strategy. The Directors (including the independent non-executive

Directors) consider that the terms of the Equity Transfer are fair and reasonable. Taking into account the expected gain to be realised from the Equity Transfer, the Directors (including the independent non-executive Directors) consider that the Equity Transfer is in the interests of the Company and its shareholders as a whole.

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

LISTING RULES IMPLICATIONS

The sale of the Equity Interest is a transaction related to the Leadway Disposal and hence the two transactions should be aggregated for the purposes of Rule 14.22 of the Listing Rules. As the relevant applicable percentage ratios under Rule 14.07 of the Listing Rules on an aggregate basis for the Equity Transfer together with the Leadway Disposal exceed 5% but are less than 25%, the Equity Transfer (and the Leadway Disposal) constitute 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.

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.

DEFINITIONS

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

“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
“Directors”	directors of the Company
“Equity Interest”	the 30% equity interest in the Project Company being disposed of by Zhongzhi BJ pursuant to the Equity Transfer Agreement
“Equity Transfer”	the sale by Zhongzhi BJ of the Equity Interest to the Purchaser pursuant to the terms of the Equity Transfer Agreement

“Equity Transfer Agreement”	the agreement dated 27 December 2012 entered into between Zhongzhi BJ and the Purchaser relating to the Equity Interest
“Group”	the Company and its subsidiaries
“Honghui Investments”	Honghui Investments Company Limited, a company incorporated in Hong Kong with limited liability and the purchaser of the entire issued share capital of Leadway
“Leadway”	Leadway Pacific Limited, a company incorporated in the British Virgin Islands with limited liability
“Leadway Disposal”	the disposal of the entire issued share capital of Leadway Pacific Limited by Neo-China Investment to Honghui Investments pursuant to the Leadway Disposal Agreement
“Leadway Disposal Agreement”	the agreement dated 21 December 2012 entered into between Neo-China Investment and Honghui Investments relating to the Leadway Disposal
“Leadway Loans”	all the loans (other than the Zhongzhi BJ Loans) outstanding and owed by the Project Company to the Group in the aggregate amount of RMB578.5 million
“Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
“Neo-China Investment”	Neo-China Investment Limited, a company incorporated in the British Virgin Islands with limited liability and a wholly-owned subsidiary of the Company
“PRC”	People’s Republic of China
“Project Company”	成都中新錦泰房地產開發有限公司 (Chengdu Zhongxin Jintai Real Estate Development Co., Ltd.), a sino-foreign equity joint venture established under the laws of the PRC and the developer of the “Park Avenue” project in Chengdu, Sichuan, the PRC
“Purchaser”	成都三創緯業房地產開發有限公司 (Chengdu Sanchuang Weiye Real Estate Development Co., Ltd.), a company established under the laws of the PRC
“Stock Exchange”	The Stock Exchange of Hong Kong Limited

“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

“Zhongzhi BJ Loans”

all the loans (other than the Leadway Loans) outstanding and owed by the Project Company to the Group in the aggregate amount of RMB248.1 million

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

By order of the Board
Shanghai Industrial Urban Development Group Limited
Chan Kin Chu, Harry
Company Secretary

Hong Kong, 27 December 2012

As at the date of this announcement, the Board comprises Mr. Ni Jianda, Mr. Ji Gang, Mr. Zhou Jun, Mr. Yang Biao and Mr. Chen Anmin 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.