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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)

PROPOSED SHARE PREMIUM REDUCTION

As announced by the Company in its announcement dated 27 March 2015 regarding the final results of the Company and its subsidiaries for the year ended 31 December 2014, the Board recommended the payment of a final dividend of HK1.1 cents per Share in cash. The final dividend is intended to be funded through the Share Premium Reduction.

The Board intends to put forward to the Shareholders a proposal to reduce the share premium of the Company. The Share Premium Reduction involves cancellation of the amount of HK\$210,000,000 standing to the credit of the Share Premium Account and transferring the credit arising therefrom to the Contributed Surplus Account.

As announced by the Company in its announcement dated 27 March 2015 regarding the final results of the Company and its subsidiaries for the year ended 31 December 2014, the Board recommended the payment of a final dividend of HK1.1 cents per Share in cash. The final dividend is intended to be funded through the Share Premium Reduction.

THE SHARE PREMIUM REDUCTION

The Board intends to put forward to the Shareholders a proposal to reduce the share premium of the Company pursuant to the laws of Bermuda and the Company's bye-laws. The amount standing to the credit of the Share Premium Account as at 31 December 2014, based on the audited consolidated financial statements of the Company, was HK\$10,325,453,000. It is proposed that the amount of HK\$210,000,000 standing to the credit of the Share Premium Account be cancelled and that the credit arising therefrom be transferred to the Contributed Surplus Account.

REASONS FOR THE SHARE PREMIUM REDUCTION

Pursuant to the Companies Act, under certain circumstances a Bermuda company may pay dividends or distributions to its members out of contributed surplus. The Share Premium Reduction and the subsequent transfer of the credit arising therefrom to the Contributed Surplus Account will therefore increase the distributable reserves of the Company thereby giving the Company greater flexibility in its dividend policy and making distributions to the Shareholders in the future.

The Board considers that it is in the interests of the Company and its Shareholders as a whole to implement the Share Premium Reduction.

EFFECTS OF THE SHARE PREMIUM REDUCTION

The implementation of the Share Premium Reduction does not involve any reduction in the authorised or issued share capital of the Company nor does it involve any reduction in the nominal value of the Shares or the trading arrangements concerning the Shares.

Save for the expenses to be incurred in relation to the Share Premium Reduction, the Board considers that the implementation of the Share Premium Reduction will not, in itself, have material adverse effect on the underlying assets, business operations, management or financial position of the Company or the proportionate interests of the Shareholders in the underlying assets of the Company.

CONDITIONS OF THE SHARE PREMIUM REDUCTION

The Share Premium Reduction is conditional upon, *inter alia*, the following being fulfilled:

- (a) the passing of a special resolution by the Shareholders to approve the Share Premium Reduction at the 2015 AGM;
- (b) compliance with the requirements of section 46(2) of the Companies Act to effect the Share Premium Reduction, including the publication of a notice of the Share Premium Reduction in an appointed newspaper in Bermuda on a date not more than thirty days and not less than fifteen days before the Effective Date; and
- (c) the Directors having satisfied that on the Effective Date, there are no reasonable grounds for believing that the Company is, or after the Effective Date will be, unable to pay its liabilities as they become due.

Subject to the fulfillment of the above conditions, it is expected that the Share Premium Reduction shall become effective on the next business day immediately following the date of passing of the special resolution to approve the Share Premium Reduction at the 2015 AGM.

2015 AGM

The Share Premium Reduction is conditional upon the Shareholders passing a special resolution to approve the Share Premium Reduction at the 2015 AGM and due compliance with section 46(2) of the Companies Act to effect the Share Premium Reduction. As no Shareholder has an interest in the Share Premium Reduction which is different from other Shareholders, no Shareholder is required to abstain from voting on the resolution proposed to consider and approve the Share Premium Reduction. A circular containing, *inter alia*, the details of the Share Premium Reduction and a notice convening the 2015 AGM will be despatched to the Shareholders in due course.

DEFINITIONS

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

“2015 AGM”	the annual general meeting of the Company to be held at Island Ballroom A, Level 5, Island Shangri-La, Hong Kong, Pacific Place, Supreme Court Road, Central, Hong Kong on Wednesday, 27 May 2015 at 11:00a.m. (or any adjournment thereof), for approving, <i>inter alia</i> , the Share Premium Reduction and transferring the credit arising therefrom to the Contributed Surplus Account
“Board”	the board of directors of the Company
“Companies Act”	the Companies Act 1981 of Bermuda
“Company”	Shanghai Industrial Urban Development Group Limited (上海實業城市開發集團有限公司), 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
“Contributed Surplus Account”	the contributed surplus account of the Company
“Directors”	directors of the Company
“Effective Date”	the date on which the Share Premium Reduction shall become effective, being the next business day immediately following the date of the 2015 AGM at which the relevant special resolution approving the Share Premium Reduction will be considered and, if appropriate, passed by the Shareholders
“HK\$”	Hong Kong dollars, the lawful currency of the Hong Kong Special Administrative Region of the People’s Republic of China
“Share(s)”	ordinary share(s) of HK\$0.04 each in the capital of the Company
“Share Premium Account”	the share premium account of the Company

“Share Premium Reduction” the proposed reduction of the amount of HK\$210,000,000 standing to the credit of the Share Premium Account as at 31 December 2014 and the crediting of such amount to the Contributed Surplus Account to be considered and, if thought fit, approved by Shareholders at the 2015 AGM

“Shareholder(s)” holder(s) of the Share(s)

By order of the Board
Shanghai Industrial Urban Development Group Limited
Ji Gang
Chairman

Hong Kong, 13 April 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.