

*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)**

**(1) UPDATE ON DISCLOSEABLE TRANSACTION-  
SETTLEMENT OF LITIGATION CONCERNING DISPOSAL  
OF 67% EQUITY INTEREST IN THE TARGET COMPANY; AND  
(2) UPDATE ON LITIGATION INVOLVING THE TARGET COMPANY**

This announcement is made by Shanghai Industrial Urban Development Group Limited (the “**Company**”, and together with its subsidiaries, the “**Group**”) pursuant to Rule 13.09(2) of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Listing Rules**”) and the Inside Information Provisions (as defined in the Listing Rules) under Part XIVA of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong).

Reference is made to the announcements of the Company dated 9 April 2018, 1 October 2018, 2 November 2018 and 13 March 2020 (the “**Announcements**”) in relation to, among other things, the Disposal involving 67% equity interest in the Target Company, namely Hunan Qianshuiwan Xiangya Garden Co., Ltd.\* (湖南淺水灣湘雅溫泉花園有限公司), an indirect non wholly-owned subsidiary of the Company and the litigation involving the Target Company. Unless otherwise defined, capitalised terms used in this announcement shall have the same meanings as defined in the Announcements.

**1. SETTLEMENT OF LITIGATION CONCERNING THE DISPOSAL OF 67%  
EQUITY INTEREST IN THE TARGET COMPANY**

Subsequent to the announcement of the Company dated 13 March 2020, the Purchaser appealed to the Supreme People’s Court\* (最高人民法院) (the “**Appeal**”) against the Disposal Judgment handed down by Hunan Higher People’s Court\* (湖南省高級人民法院) which ruled in favor of the Vendor (details of which were disclosed in the announcement of the Company dated 13 March 2020). The

Company wishes to inform shareholders and investors of the Company that the Vendor and the Purchaser have reached settlement in respect of the Appeal and have entered into a settlement agreement (the “**Disposal Settlement Agreement**”), pursuant to which the Purchaser undertakes to continue to perform the Equity Transfer Agreement. On 25 August 2020, the Supreme People’s Court issued a consent judgment (the “**Disposal Consent Judgment**”) in respect of the Disposal Settlement Agreement in accordance with the stipulations of the Civil Procedure Law of the People’s Republic of China (中華人民共和國民事訴訟法) (the “**Civil Procedure Law**”). Immediately after the Disposal Consent Judgment takes effect after receipt by both parties, the Appeal shall terminate accordingly.

Pursuant to the Disposal Consent Judgment, it is agreed that:

- (i) the Purchaser shall pay to the Vendor the outstanding consideration under the Equity Transfer Agreement in the amount of RMB435.9 million by two instalments together with accrued interest in the amount of approximately RMB4.74 million on or before 30 October 2020;
- (ii) the Purchaser shall pay to the Vendor the outstanding shareholder’s loan owing by the Target Company to the Vendor in the amount of RMB5.2 million together with interests (in the estimated amount of approximately RMB190,000) accrued up to the date of payment on or before 30 October 2020;
- (iii) the Purchaser shall bear the Vendor’s litigation fees for the Appeal in the amount of approximately RMB1.2 million to be payable on or before 30 October 2020;
- (iv) the Purchaser shall pay to the Vendor default interest (in the estimated amount of approximately RMB62.25 million) accrued up to the date of actual payment of the outstanding consideration, and on the condition that the Purchaser fully complied with its payment obligation under paragraphs (i) to (iii) above, the Vendor agrees that the amount of default interest payable by the Purchaser shall be reduced by RMB10 million; and
- (v) the Vendor and the Purchaser shall proceed to complete the transfer of the Equity Interest under the Equity Transfer Agreement within five business days after the Purchaser’s completion of all payment obligations under the Disposal Consent Judgment.

Alongside the Disposal Settlement Agreement, the Vendor has also entered into a settlement agreement with Evergrande Real Estate Group Limited\* (恒大地產集團有限公司) (“**Evergrande Holdco**”), being the sole shareholder of the Purchaser, pursuant to which Evergrande Holdco agrees to guarantee the payment obligations of the Purchaser under the Disposal Consent Judgment and shall bear the Vendor’s litigation fees in pursuing claims against Evergrande Holdco at the No.1 Intermediate People’s Court of Shanghai Municipality\* (上海市第一中級人民法院) in respect of the guarantees entered into by Evergrande Holdco in favor of the Vendor in association with the Equity Transfer Agreement. For the settlement agreement between the Vendor and Evergrande Holdco, a consent judgment was issued by the No.1 Intermediate People’s Court of Shanghai Municipality on 25 August 2020 in accordance with the stipulations of the Civil Procedure Law.

## **2. UPDATE ON LITIGATION CONCERNING THE TARGET COMPANY**

In respect of the Land Development Proceedings, subsequent to the handing down of the Appeal Judgment by the Hunan Higher People’s Court\* (湖南省高級人民法院) (details of which were disclosed in the announcement of the Company dated 13 March 2020), Shangdi has applied for enforcement of the Appeal Judgment and sealing of the land use rights of the Land. The Intermediate People’s Court of Changsha Municipality Hunan\* (湖南省長沙市中級人民法院) issued an execution judgment on 15 July 2020. After that, the Purchaser reached a settlement execution guarantee agreement with Shangdi (the “**Shangdi Settlement Guarantee Agreement**”) whereby (i) the Purchaser shall provide an irrevocable guarantee in favor of Shangdi in respect of the Target Company’s payment obligations of the judgement sum under the Appeal Judgment; (ii) the Purchaser agrees to provide an irrevocable joint liability guarantee in respect of the Target Company’s payment obligations of an aggregate amount of approximately RMB385.9 million by installments to Shangdi; and (iii) Shangdi shall not in any way obstruct the construction of the development project on the Land.

## **IMPACT ON THE COMPANY**

Subject to performance of the obligations of the Purchaser under the Disposal Consent Judgment and the completion of the transfer of Equity Interest from the Vendor to the Purchaser, the Target Company will cease to be a subsidiary of the Company and it is expected that the Company will record an unaudited pre-tax gain of approximately RMB546,036,000 upon completion of the transfer, including a default interest of approximately RMB52.25 million payable by the Purchaser for the outstanding consideration under the Equity Transfer Agreement. Accordingly, having taken into account the Disposal Consent Judgment and the effect of the Shangdi Settlement Guarantee Agreement, the board of directors of the Company is of the view that, subsequent to completion of the Disposal, the liabilities of the Target Company under the Appeal Judgment, if any, will be fully absorbed by the Purchaser and will not have any material adverse impact on the financials and operations of the Group.

Shareholders and potential investors should note that the completion of the Disposal is subject to the performance of the obligations of the parties under the Disposal Consent Judgment. Shareholders and potential investors are advised to take caution when dealing in the shares of the Company.

\* *for identification purposes only*

By order of the Board of  
**Shanghai Industrial Urban Development Group Limited**  
**Huang Haiping**  
*Chairman*

Hong Kong, 26 August 2020

*As at the date of this announcement, the Board of the Company comprises Mr. HUANG Haiping, Mr. ZHOU Xiong, Mr. LOU Jun, Mr. YE Weiqi and Mr. ZHONG Tao as executive directors and Mr. DOO Wai-Hoi, William, J.P., Mr. FAN Ren Da, Anthony, Mr. LI Ka Fai, David and Mr. QIAO Zhigang as independent non-executive directors.*