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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)

UPDATE ON DISCLOSEABLE TRANSACTION DISPOSAL OF 67% EQUITY INTEREST IN A NON-WHOLLY OWNED SUBSIDIARY

Reference is made to the announcements of the Company dated 9 April 2018 and 1 October 2018 in relation to, among other things, the disposal of 67% equity interest in 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 (collectively, the “**Announcements**”). Unless otherwise defined, capitalised terms used in this announcement shall have the same meanings as defined in the Announcements.

The Board announces that the Vendor, being an indirect wholly-owned subsidiary of the Company, has on 31 October 2018 received a summons issued by the Hunan Higher People’s Court* (湖南省高級人民法院) (the “**Court**”) enclosed with a statement of complaints* (民事起訴狀) filed by the Purchaser (the “**Action**”). In the statement of complaints, the Purchaser pleaded with the Court to grant the orders that (i) the Equity Transfer Agreement be rescinded; (ii) the Vendor to return to the Purchaser a sum of RMB191,100,000, being the initial payment of consideration paid by the Purchaser under the Equity Transfer Agreement; and (iii) the Vendor to return to the Purchaser a sum of RMB10 million, being the earnest money paid by the Purchaser for the Disposal. The Purchaser has filed the Action on the grounds that the Purchaser will suffer substantial loss if it proceeds with the Disposal as a result of (a) the land underlying phase II of the Forest Sea (森林海) development being alleged by Land and Resources Bureau of Wangcheng District of Changsha* (長沙市望城區國土資源局) to be suspected idle land and is exposed to resumption risk, and (b) the Target Company being ordered to pay a judgment sum of approximately RMB402.8 million according to the Judgment served by Changsha Intermediate People’s Court* (長沙市中級人民法院) on the Target Company on 25 September 2018, details of the Judgment was disclosed in the announcement of the Company dated 1 October 2018.

As of the date of this announcement, the Company is in the course of seeking legal advice on the Action and it is intended that the Vendor will defend the Action. The Board considers that the Action has no material adverse impact on the financials and operations of the Group. The Company will, in accordance with the applicable laws, make every effort to protect its interests and its shareholders' interests. The Company will keep its shareholders and potential investors informed of any material developments in connection with the Action and the Disposal by way of further announcement(s) as and when appropriate.

Shareholders of the Company and potential investors are advised to exercise caution when dealing in the shares of the Company.

By order of the Board of
Shanghai Industrial Urban Development Group Limited
ZENG Ming
Chairman

Hong Kong, 2 November 2018

As at the date of this announcement, the Board comprises Mr. ZENG Ming, Mr. ZHOU Xiong, Mr. LOU Jun, Mr. FEI Zuoxiang, Mr. YE Weiqi, Ms. HUANG Fei 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.

** for identification purposes only*